

LIBERTY FIDUCIARY LIMITED

ABN 80 119 884 623

GENERAL PURPOSE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

**LIBERTY FIDUCIARY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

The directors present their report together with the financial report of Liberty Fiduciary Limited (the "Company") for the year ended 30 June 2018 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year were:

Richard Longes (Chairman)
Peter Hawkins
Sherman Ma

All directors held office throughout the year ended 30 June 2018 unless stated otherwise.

Company secretary

Peter Riedel

Principal activities

The principal activity of the Company is to act as the Responsible Entity for various Liberty Group investment funds.

Results and review of operations

The loss after income tax amounted to \$6,226 (2017: \$6,217).

Dividends

No dividend has been declared or paid since the incorporation of the Company. The directors do not recommend a dividend and no dividends were declared or paid during the year.

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 Company that occurred during the financial year under review.

Events subsequent to balance date

On 20 September 2018 the Company issued 200,000 ordinary shares with a nominal value of \$200,000. The shares carry the same rights as the existing ordinary shares.

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

Likely developments

Information about likely developments in the operations of the Company 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 Company.

**LIBERTY FIDUCIARY LIMITED
DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2018**

Environmental regulation

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

Indemnification of officers

Indemnification

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Company.

Insurance premiums

Liberty Financial Pty Ltd (a related entity) pays a premium each year in respect of a contract insuring the directors and secretary of the Company against liabilities past, present and future. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. No such insurance cover has been provided for the benefit of any external auditor of the Company.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the financial year ended 30 June 2018.

This report is made with a resolution of the directors:



Sherman Ma
Director

Dated at Melbourne on 20 September 2018.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Liberty Fiduciary Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Liberty Fiduciary Limited for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

BW Szentirmay

Partner

Melbourne

20 September 2018

LIBERTY FIDUCIARY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Income			
Finance income	6	4,645	4,779
Expenses			
Operating expenses	7	<u>(13,539)</u>	<u>(13,660)</u>
Loss before income tax		<u>(8,894)</u>	<u>(8,881)</u>
Income tax benefit	8	<u>2,668</u>	<u>2,664</u>
Loss after tax		<u>(6,226)</u>	<u>(6,217)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(6,226)</u>	<u>(6,217)</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

**LIBERTY FIDUCIARY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Share capital \$	Retained losses \$	Total equity \$
Balance at 1 July 2016	200,100	(17,683)	182,417
Loss for the year	-	(6,217)	(6,217)
Balance at 30 June 2017	200,100	(23,900)	176,200
Balance at 1 July 2017	200,100	(23,900)	176,200
Loss for the year	-	(6,226)	(6,226)
Balance at 30 June 2018	200,100	(30,126)	169,974

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

LIBERTY FIDUCIARY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Assets			
Cash and cash equivalents	12	161,570	171,629
Prepayments		1,201	-
Deferred tax asset	9	15,347	12,679
Total Assets		178,118	184,308
Liabilities			
Payables	10	8,144	8,108
Total Liabilities		8,144	8,108
Net Assets		169,974	176,200
Equity			
Share capital	11	200,100	200,100
Retained losses		(30,126)	(23,900)
Total Equity		169,974	176,200

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

**LIBERTY FIDUCIARY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Interest income received		1,645	1,779
Responsible Entity fee income received		3,000	3,000
Operating expenses paid		<u>(14,704)</u>	<u>(12,167)</u>
Net cash used in operating activities	12(b)	<u>(10,059)</u>	<u>(7,388)</u>
Cash flows from investing activities			
Movement in investing activities		<u>-</u>	<u>-</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Movement in financing activities		<u>-</u>	<u>-</u>
Net cash from financing activities		<u>-</u>	<u>-</u>
Net decrease in cash held		(10,059)	(7,388)
Cash at the beginning of the year		<u>171,629</u>	<u>179,017</u>
Cash at the end of the year	12(a)	<u>161,570</u>	<u>171,629</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 14.

LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 REPORTING ENTITY

Liberty Fiduciary Limited (the "Company") is a limited company domiciled in Australia. The address of the Company's registered office is Level 16, 535 Bourke Street, Melbourne, Victoria 3000. The Company is the Responsible Entity for various Liberty Group investment funds.

2 BASIS OF PREPARATION

The Company is a for profit entity for the purpose of preparing these financial statements.

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 20 September 2018.

(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 Company'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.

Key accounting estimates relate to the recoverability of deferred tax assets (refer to note 3 (b)).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below, have been applied consistently to all periods presented in these financial statements.

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, prepayments and payables.

LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Cash and cash equivalents comprise of cash balances held at a bank.

(b) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Finance income

Interest income is recognised on an accruals basis using the effective interest method and is calculated on daily bank balances. Responsible Entity fee income is recognised as the related services are performed.

(d) Expense

All expenses are accounted for on an accruals basis.

LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2018, but have not been applied in preparing this financial report. The Company has prepared its analysis of the transitional impact of the respective standards, including input from auditors and advisors. Where relevant the estimated impact of the adoption of these standards on the Company's equity as at 1 July 2018 is outlined below, otherwise the analysis is expected to be completed prior to the respective implementation dates.

(i) AASB 9 Financial Instruments

Classification and measurement

AASB 9 will replace existing financial instrument categories with new categories of Fair Value through Profit or Loss (FVPL), Fair Value through Other Comprehensive Income (FVOCI), and Amortised Cost. Financial assets (other than equity and derivatives) will be assessed and categorised based on their contractual cash flow characteristics and the business model for managing the assets. Accounting for financial liabilities remains unchanged, except that gains or losses on liabilities designated at FVPL (if any), arising from the Company's own credit risk, will be presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss and other comprehensive income, unless an accounting mismatch in profit or loss would arise.

Upon adoption the Company does not expect significant changes to the classification or measurement of most financial assets and financial liabilities.

Impairment of financial assets

AASB 9 introduces an expected credit loss impairment model that replaces the existing incurred loss model and applies to all financial assets, except for those which are FVPL, and equity securities designated as at FVOCI, which are not subject to impairment assessment.

The Company does not expect any material financial impact due to the changes in the impairment model of financial assets.

Transition

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of AASB 9 has no impact on the Company's opening balance of equity at 1 July 2018.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance in AASB 118 Revenue. The Company has assessed all revenue streams that fall within the scope of the standard, which indicates that transition impacts will be immaterial.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of AASB 15 has no impact on the Company's opening balance of equity at 1 July 2018.

**LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4 FINANCIAL RISK MANAGEMENT

(a) Overview

The Company may have exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk

Exposure to credit and market risk arises in the normal course of the Company's business. This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Risk, Audit and Compliance Committee (the "Committee") which is responsible for monitoring the emerging and changing risk profile of the Company. The Committee is responsible for reviewing the adequacy of internal systems, controls and procedures in relation to the risk management framework and the risks faced by the Company. Risk management policies and systems are updated to reflect changes in market conditions and the Company's activities.

The Company does not carry any financial instruments at fair value. Cash and cash equivalents, prepayments and payables are carried at amortised cost as an approximation of fair value.

(b) Credit risk

Credit risk is the risk of financial loss due to a counterparty failing to meet their contractual obligations. Credit risk arises primarily from cash and cash equivalents. Cash is held with a counterparty with sound credit ratings, therefore management does not expect the counterparty to fail to meet its obligations.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company does not have any activities that expose it to material market risk.

(d) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company maintains a minimum level of capital in liquid form to support future operational initiatives and the financial requirements of its Australian Financial Services Licence ("AFSL").

5 AUDITOR'S REMUNERATION

Audit Services

Auditor of the Company - KPMG
Audit of the financial statements
Other regulatory services

	2018	2017
	\$	\$
	5,200	5,200
	6,100	6,100
	11,300	11,300

LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
6 FINANCE INCOME		
Interest income	1,645	1,779
Responsible Entity fee	3,000	3,000
	4,645	4,779
7 OPERATING EXPENSES		
ASIC fees	1,821	2,024
Professional advisor and consultancy fee	11,300	11,300
Other expenses	418	336
	13,539	13,660
8 INCOME TAX BENEFIT		
Recognised in the statement of profit or loss and other comprehensive income		
Current year	-	-
Deferred tax benefit		
Tax losses carried forward	2,668	2,664
Income tax benefit	2,668	2,664
Reconciliation between tax benefit and loss		
Loss before income tax	(8,894)	(8,881)
Income tax benefit using domestic corporation tax rate of 30% (2017: 30%)	2,668	2,664
Income tax benefit on loss	2,668	2,664
9 DEFERRED TAX ASSET		
Opening balance	12,679	10,015
Tax losses recognised	2,668	2,664
Closing balance	15,347	12,679
10 PAYABLES		
Payables and accruals	8,144	8,108
	8,144	8,108

All payable balances are current.

LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
11 SHARE CAPITAL		
200,100 ordinary shares, fully paid (2017: 200,100)	200,100	200,100

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No dividend has been declared or paid since the incorporation of the Company. The directors do not recommend a dividend and no dividends were declared or paid during the year.

In the event of winding up, the Company's ordinary shareholders are fully entitled to any proceeds of liquidation.

12 CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at bank	161,570	171,629
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(b) Reconciliation of cash flows from operating activities

Loss after tax	(6,226)	(6,217)
<i>Adjustments for:</i>	-	-
Loss before changes in working capital	(6,226)	(6,217)
(Increase)/decrease in prepayments	(1,201)	1,496
Increase in tax assets	(2,668)	(2,664)
Increase/(decrease) in payables	36	(3)
Net cash used in operating activities	(10,059)	(7,388)

13 RELATED PARTIES

The immediate parent entity of Liberty Fiduciary Limited is Minerva Funds Management Limited and the ultimate parent entity is Quaker Partners LLC.

As Responsible Entity of Liberty Term Investment Fund and Liberty High Yield Fund, the Company is entitled to charge a fee of \$1,000 and \$3,000 per annum respectively. At this time, the Responsible Entity has waived its right to receive this fee from Liberty Term Investment Fund.

All transactions with related parties are conducted on normal commercial terms and conditions.

**LIBERTY FIDUCIARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

13 RELATED PARTIES (cont.)

Key Management Personnel

Key management personnel are remunerated by a related entity. Key management personnel of the Company are the directors of the Responsible Entity.

The directors of the Company at any time during or since the end of the financial year were:

Richard Longes (Chairman)
Peter Hawkins
Sherman Ma

14 COMMITMENTS AND CONTINGENCIES

There are no outstanding commitments or contingencies as at 30 June 2018 (2017: nil).

15 EVENTS SUBSEQUENT TO BALANCE DATE

On 20 September 2018 the Company issued 200,000 ordinary shares with a nominal value of \$200,000. The shares carry the same rights as the existing ordinary shares.

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

**LIBERTY FIDUCIARY LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018**

In the opinion of the directors of Liberty Fiduciary Limited (the "Company"):

- (a) the financial statements and notes, set out on pages 4 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of its operations and its cash flows for the year ended 30 June 2018 in accordance with the basis of accounting as described in note 2 (a);
 - (ii) complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2 (a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Sherman Ma
Director

Dated at Melbourne on 20 September 2018.



Independent Auditor's Report

To the members of Liberty Fiduciary Limited

Opinion

We have audited the **Financial Report** of Liberty Fiduciary Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2018;
- Statement of profit or loss and other comprehensive, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' 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 Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Liberty Fiduciary Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are 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 Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- 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; and
- assessing the Company'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 Company 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 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

BW Szentirmay

Partner

Melbourne

20 September 2018