

A silhouette of a person running on a pier or boardwalk. The person is wearing a long-sleeved jacket and pants. The background shows a sunset over a body of water, with the sun low on the horizon, creating a warm, golden glow. The pier has a wooden railing with horizontal slats.

# FINANCIAL REPORT 2016

Murdoch Clarke Mortgage Fund - ARSN 093 255 559

## FINANCIAL REPORT 2016

The following statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes, have been prepared by Murdoch Clarke Mortgage Management Limited and have been audited by Wise Lord & Ferguson.



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Murdoch Clarke Mortgage Fund  
ARSN: 093 255 559

Responsible Entity:  
Murdoch Clarke Mortgage Management Limited

ABN 84 115 958 560  
Australian Financial Services Licence Number 296758  
Australian Credit Licence Number 296758

## DIRECTORS REPORT

The Directors of Murdoch Clarke Mortgage Management Ltd, ABN 84 115 958 560, AFSL 296758, the Responsible Entity of the Murdoch Clarke Mortgage Fund, submit their report for the Fund for the year ended 30 June 2016.

### DIRECTORS

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

**Damian Francis Egan**, BEc, LLB,  
MAICD, FTIA, Chairman of the Board

**Paul Kuzis**, BCom, LLB

**Rebecca Sandra Reid**, BA LLB

**David Milne Whitehouse**, LLB

**Benjamin Scott Swain**, LLB

The Directors were in office from the beginning of the year until the date of this report, unless otherwise stated.

All the Directors of the Responsible Entity are non-executive Directors.

No emoluments are received by the directors of the Responsible Entity other than declared dividends on any shares in the Responsible Entity that they may hold.

### PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was to invest funds in accordance with the provisions of the Fund's Product Disclosure Statement and Constitution.

The general investment policy of the Fund is to invest primarily in loans secured by first mortgages over real estate predominantly in Tasmania.

There has been no significant change in the nature of this activity during the year.

## SCHEME INFORMATION

Murdoch Clarke Mortgage Fund is an Australian registered scheme. Murdoch Clarke Mortgage Management Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at 10 Victoria Street, Hobart, Tasmania, 7000.

### REVIEW & RESULTS OF OPERATIONS

The net operating income of Murdoch Clarke Mortgage Fund for the year ended 30 June 2016 was \$5,245,210 (2015: \$5,521,931). There were no material changes in the operation of the Fund during the financial year ended 30 June 2016.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs of the Fund during the year.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect the Fund's operations in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

### LIKELY DEVELOPMENTS & EXPECTED RESULTS

The investment strategy of the Fund will be maintained in accordance with the Fund's Constitution and investment objectives.

The investment strategy of the Fund was consistent with the prior financial year.

## INDEMNIFICATION & INSURANCE OF DIRECTORS & OFFICERS

During the financial year, the Responsible Entity paid a premium insuring the Directors and Officers of the Responsible Entity against liabilities incurred as a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Fund or Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Fund or Responsible Entity or of any related body corporate against a liability incurred as such an Officer or Auditor.

# AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received the following declaration from the Auditor of the Murdoch Clarke Mortgage Fund.

## Auditors Independence Declaration to the Directors of Murdoch Clarke Mortgage Management Ltd as Responsible Entity of the Murdoch Clarke Mortgage Fund

In relation to our audit of the financial report of Murdoch Clarke Mortgage Fund for the year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



D J McCARTHY  
Partner  
Wise Lord & Ferguson

Date: 24.9.16

Signed in accordance with a resolution of the Directors



Mr Damian Francis Egan,  
Chairman, Hobart



Mr Paul Kuzis,  
Director, Hobart

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>REVENUE</b>			
Interest Revenue	2	6,893,130	6,984,297
<b>TOTAL REVENUE</b>		<b>6,893,130</b>	<b>6,984,297</b>
<b>EXPENSES</b>			
Responsible Entity Fees	3	1,334,448	1,231,869
Auditors Remuneration	10	13,340	10,156
Other Expenses		300,132	220,341
<b>TOTAL EXPENSES</b>		<b>1,647,920</b>	<b>1,462,366</b>
Net Operating Income From Ordinary Activities		<b>5,245,210</b>	<b>5,521,931</b>
Less Distributions Paid and Payable	4	<b>5,245,210</b>	<b>5,521,931</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>UNDISTRIBUTED INCOME AT THE END OF THE FINANCIAL YEAR</b>		-	-

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES TO ACCOUNTS.

# BALANCE SHEET

## AS AT 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>ASSETS</b>			
Cash Deposits	9(b)	49,662,632	42,354,785
Receivables	5	975,377	842,342
Loans & Advances	6	84,518,517	88,832,185
<b>TOTAL ASSETS</b>		<b>135,156,526</b>	<b>132,029,312</b>
<b>LIABILITIES</b>			
Payables	7	524,616	487,204
Distribution Payable		1,302,569	1,373,526
<b>TOTAL LIABILITIES (EXCLUDING LIABILITIES TO INVESTORS)</b>		<b>1,827,185</b>	<b>1,860,730</b>
<b>NET ASSETS ATTRIBUTABLE TO INVESTORS – LIABILITY</b>		<b>133,329,341</b>	<b>130,168,582</b>
<b>NET ASSETS</b>		-	-

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES TO ACCOUNTS.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest Received		6,762,066	7,151,755
GST Paid		(33,246)	(30,414)
Responsible Entity Fees Paid		(1,320,884)	(1,201,592)
Other Receipts/(Payments)		(258,348)	(182,338)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	9(a)	<b>5,149,588</b>	<b>5,737,411</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Net Proceeds From (Payments For) Loans and Advances		4,313,668	(10,140,737)
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>4,313,668</b>	<b>(10,140,737)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts From Investors		46,155,997	46,898,468
Payments To Investors		(46,369,488)	(36,057,973)
Income Distributions To Investors		(1,941,918)	(2,036,742)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,155,409)</b>	<b>8,803,753</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>7,307,847</b>	<b>4,400,427</b>
Cash At Beginning Of Year		42,354,785	37,954,358
<b>CASH AT END OF YEAR</b>	9(b)	<b>49,662,632</b>	<b>42,354,785</b>

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES TO ACCOUNTS.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
Opening Balance		-	-
Undistributed Income For The Financial Year		-	-
<b>CLOSING BALANCE</b>		-	-

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES TO ACCOUNTS.

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

## 1. Notes

### a. *Basis of Accounting*

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical cost, except for the valuation of investments in financial assets, which are valued at fair value or amortised cost. Cost is based on the fair values of consideration given in exchange for assets.

### *Adoption of New and Revised Accounting Standards and Interpretations.*

The Fund has adopted all new and revised Accounting Standards and Interpretations in the current year.

The following Standards and Interpretations which have been issued by the AASB may affect the Fund. They are available for early adoption but are yet to be applied. The Fund plans to adopt these standards on their effective date.

AASB 9 Financial Instruments: Effective 1 January 2018. Includes requirements for the classification and measurement of financial instruments and at this stage it is not expected to have a material financial impact on the financial statements.

### b. *Statement of Compliance*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

### c. *Portfolio Valuation*

#### *Financial Assets*

Loans and Advances are valued at fair value. Deposits at call are classified as Cash Deposits and are valued at fair value

#### *Financial Liabilities*

Liabilities are recognised for amounts payable in the future for goods and services received, whether or not billed to the Fund.

### d. *Investment Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Specific revenues are recognised as follows:

#### *Interest Revenue*

Interest on deposits on call is recognised in accordance with the terms and conditions that apply to the deposit on an accruals basis.

Interest on mortgages is recognised on an accruals basis throughout the term of the loan.

### e. *Cash Assets*

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes deposits held at call with a bank or financial institution.

**f. Receivables**

Receivables include amounts where settlement has not yet occurred. Interest is accrued at the reporting date from the time of the last payment. Amounts are generally received within 30 days of being recorded as receivables.

**g. Payables**

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund and include distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

**h. Taxation**

Under current legislation, the Fund is not subject to income tax provided the investors are presently entitled to the income of the Fund and the Fund fully distributes its taxable income.

Expenses incurred by the Fund are recognised at their GST exclusive amount. Amounts recognised as receivables and payables are recognised at their GST inclusive amount. Reduced input tax credits recoverable by the Fund from the ATO are recognised as receivables.

**i. Distributions**

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to investors. Distributions are payable at the end of each quarter. Such distributions are determined by reference to the operating income of the Fund.

**j. Terms And Conditions On Investors**

Each interest issued confers upon the investors an equal interest in the Fund. An investor does not have any interest in any particular asset or investment of the Fund. Investors have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their interests redeemed,
- receive income distributions,
- attend and vote at meetings of investors, and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each investor are identical in all respects.

## 2. Interest Revenue

	2016 \$	2015 \$
Cash Deposits	1,270,137	1,227,736
Loans And Advances	5,622,993	5,756,561
Total Interest Revenue	<b>6,893,130</b>	<b>6,984,297</b>

## 3. Responsible Entity Fees

Management Fees	1,334,448	1,231,869
Total Management Fees	<b>1,334,448</b>	<b>1,231,869</b>

## 4. Distributions Paid Or Provided For

- For The Quarter Ended 30 September	1,328,226	1,362,420
- For The Quarter Ended 31 December	1,328,484	1,395,827
- For The Quarter Ended 31 March	1,273,974	1,385,907
- For The Quarter Ended 30 June	1,314,526	1,377,777
Total Distributions	<b>5,245,210</b>	<b>5,521,931</b>

## 5. Receivables

Interest Receivable - Loans And Advances	583,151	419,136
Interest Receivable - Cash Deposits	366,760	399,711
Other Receivables	25,466	23,495
Total Other Assets	<b>975,377</b>	<b>842,342</b>

## 6. Loans And Advances

Maturity Analysis		
Due Within 3 Months	84,518,517	88,832,185
Total Loans And Advances	<b>84,518,517</b>	<b>88,832,185</b>
Average Balances In Year	87,593,154	86,645,679
Average Interest Rate	6.42%	6.64%
Total Interest Earned	<b>5,622,993</b>	<b>5,756,561</b>

## 7. Payables

	2016	2015
Amounts Due To Responsible Entity	331,625	318,061
Other	192,991	169,143
<b>Total Payables</b>	<b>524,616</b>	<b>487,204</b>

## 8. Investors Transactions

Opening Value	130,168,582	115,918,110
Deposits Made During The Year	49,805,885	52,048,569
Withdrawals During The Year	(46,645,126)	(37,798,097)
<b>Closing Value</b>	<b>133,329,341</b>	<b>130,168,582</b>

## 9. Statements Of Cash Flows

(a) Reconciliation of net operating income from ordinary activities to the net cash flows from operations

Net Operating Income From Ordinary Activities	5,245,210	5,521,931
(Increase)/Decrease In Receivables	(133,035)	165,839
Increase/(Decrease) In Expenses Payable	37,413	49,641
<b>Net Cash Flow Provided / (Used) by Operating Activities</b>	<b>5,149,588</b>	<b>5,737,411</b>

(b) Reconciliation Of Cash

Cash Balance Comprises:

Cash Deposits	49,662,632	42,354,785
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(c) Non-cash Financing And Investing Activities

Non-cash financing and investing activities carried out during the year on normal commercial terms and conditions included:

Reinvestment Of Investor Distributions	3,289,104	3,355,108
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## 10. Auditors Remuneration

Amounts received or due and receivable by Wise Lord & Ferguson as auditors of the Fund:

Audit And Review Of Financial Reports	13,340	10,156
<b>Total</b>	<b>13,340</b>	<b>10,156</b>

## 11. Related Party Information

The names of persons who were Directors of the Responsible Entity (RE) at any time during the financial year are as follows:

Mr Damian Francis Egan  
Mr Paul Kuzis  
Ms Rebecca Sandra Reid  
Mr David Milne Whitehouse  
Mr Benjamin Scott Swain

### a. Responsible Entity

Murdoch Clarke Mortgage Management Ltd was appointed to act as Responsible Entity from 1 July 2006.

Responsible Entity Fees	2016 \$	2015 \$
Management Fees	1,334,448	1,231,869
Expenses incurred on behalf of the Fund by the Responsible Entity and reimbursed by the Fund	102,247	10,554
<b>Total</b>	<b>1,436,695</b>	<b>1,242,423</b>

The responsible entity, Murdoch Clarke Mortgage Management Ltd, is entitled to receive a fee of up to 2.20% GST inclusive of the total value of assets of the fund as stated in the product disclosure statement. The rate paid to the responsible entity was 1.1% (2015: 1.1%) GST inclusive. The management fees are deducted from the income of the Fund. There are no other fees, commissions, benefits or advantages derived by the Responsible Entity in connection with the management of the Fund.

The Responsible Entity holds no interests in the Fund.

### b. Key Management Personnel

The Directors of the Responsible Entity, as listed above, are the key management personnel of that entity. The Responsible Entity and its directors are considered the key management personnel of the scheme. No emoluments of any kind are received by the directors of the RE other than declared dividends on any shares in the RE that they may hold. The RE receives no remuneration except for the fees listed above. The Scheme does not employ personnel in its own right however the Responsible Entity does have three employees (2015: 3).

### c. Transactions With Related Parties

There were no transactions with Related Parties during the year ended 30 June 2016, other than investments held by Directors and Director Related Entities which were conducted on the same terms and conditions as all other investors in the Fund.

### d. Directors Interests In The Fund

Movement In Investments Of Directors And Director Related Entities

	2016 \$	2015 \$
Opening Interest	1,436,719	1,254,669
Deposits	1,414,306	2,124,955
Withdrawals	(2,054,185)	(1,942,905)
<b>Total Investments Held At Year End</b>	<b>796,840</b>	<b>1,436,719</b>

### e. Loans To Directors

There were no loans to Directors or Director Related Entities from the Murdoch Clarke Mortgage Fund as at 30th June 2016 or during the year then ended.

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

## 12. Financial Reporting By Segments

The Fund operates in one business segment, being investment activities. The Fund also operates from one geographical location being Tasmania, from where its investing activities are managed.

## 13. Subsequent Events

Since 30 June 2016 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

## 14. Financial Instruments

### Overview

The Fund's assets principally consist of financial instruments which comprise non quoted fixed interest investments and loans secured by first mortgage. It holds these assets at the discretion of the Responsible Entity in accordance with its investment strategy. The objective of these investments is to provide relatively secure investments together with a competitive return of income.

The allocation of assets as between the various types of financial instruments is determined by the Responsible Entity which manages the Fund's portfolio of assets to achieve the Fund's investment objectives. The composition of the portfolio is monitored by the Responsible Entity on a daily basis.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents

information about the Fund's exposure to each of the above risks and the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Board has established a Management Committee which is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities.

The Management Committee meets regularly, usually weekly, to monitor the Fund's asset allocation and performance as well as review loan applications and attend to the management of the Fund generally.

### a. Market Risk

Market Risk represents the risk that a financial instrument's value will fluctuate as a result of changes in market prices such as foreign exchange rates (currency risk), interest rates (interest rate risk), and property values (property market price risk). The Fund is not exposed to currency risk as all financial instruments are held in Australian Dollars.

### b. Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The majority of the Fund's financial assets are held in interest bearing assets that are expected to mature within twelve months or in financial assets that reset to the prevalent market interest rate on a monthly or quarterly basis. As a result the Fund is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Fund's interest rate risk is managed continuously in accordance with policies and procedures in place by:

- ensuring the Fund has an asset allocation that provides for the effective management of interest rate and associated liquidity risk,
- the approach to managing investment of funds to ensure that there is adequate matching of the duration of assets with the likely duration of investors' funds, and
- monitoring the effect upon yield and liquidity of probable movements in interest rates.

The Fund's exposure to interest rate risk is depicted in the table on pages 17 and 18.

### **Interest Rate Sensitivity**

An increase of 25 basis points in interest rates for the distribution period ending on the reporting date would have increased the amount available for distribution by \$83,103 (2015: \$81,132). A decrease of 25 basis points would have had an equal but opposite effect.

## 14. Financial Instruments Continued

	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate Maturing In 1 Year Or less	Fixed Interest Rate Maturing In 1 To 3 Years	Carrying Amount Per Balance Sheet	Aggregate Net Fair Value	Weighted Average Effective Interest Rate
<b>2016 FINANCIAL ASSETS</b>							
Cash Deposits	-	-	49,662,632	-	49,662,632	49,662,632	2.82%
Receivables	975,377	-	-	-	975,377	975,377	Non-Interest Bearing
Loans And Advances	-	84,518,517	-	-	84,518,517	84,518,547	6.37%
<b>Total Financial Assets</b>	<b>975,377</b>	<b>84,518,517</b>	<b>49,662,632</b>	<b>-</b>	<b>135,156,526</b>	<b>135,156,526</b>	
<b>FINANCIAL LIABILITIES</b>							
Trade And Other Payables	524,616	-	-	-	524,616	524,616	Non-Interest Bearing
Net Assets Attributable to Investors	-	133,329,341	-	-	133,329,341	133,329,341	4.08%
<b>Total Financial Liabilities</b>	<b>524,616</b>	<b>133,329,341</b>	<b>-</b>	<b>-</b>	<b>133,853,957</b>	<b>133,853,957</b>	

The Fund's financial assets and liabilities included in the Balance Sheet are carried at fair value or amortised cost. Refer to note 14(d) for the methods and assumptions adopted in determining net fair values.

## 14. Financial Instruments Continued

	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate Maturing In 1 Year Or less	Fixed Interest Rate Maturing In 1 To 3 Years	Carrying Amount Per Balance Sheet	Aggregate Net Fair Value	Weighted Average Effective Interest Rate
<b>2015 FINANCIAL ASSETS</b>							
Cash Deposits	-	-	42,354,785	-	42,354,785	42,354,785	2.86%
Receivables	842,342	-	-	-	842,342	842,342	Non-Interest Bearing
Loans And Advances	-	88,832,185	-	-	88,832,185	88,832,185	6.41%
<b>Total Financial Assets</b>	<b>842,342</b>	<b>88,832,185</b>	<b>42,354,785</b>	<b>-</b>	<b>132,029,312</b>	<b>132,029,312</b>	
<b>FINANCIAL LIABILITIES</b>							
Trade And Other Payables	487,204	-	-	-	487,204	487,204	Non-Interest Bearing
Net Assets Attributable to Investors	-	130,168,582	-	-	130,168,582	130,168,582	4.25%
<b>Total Financial Liabilities</b>	<b>487,204</b>	<b>130,168,582</b>	<b>-</b>	<b>-</b>	<b>130,655,786</b>	<b>130,655,786</b>	

The Fund's financial assets and liabilities included in the Balance Sheet are carried at fair value or amortised cost. Refer to note 14(d) for the methods and assumptions adopted in determining net fair values.

## 14. Financial Instruments Continued

### *Property Market Price Risk*

Property market price risk is the risk that adverse movements in the market value of a property could result in financial loss to the Fund.

The objective of property market price risk management is to ensure that movements in the market value of individual properties mortgaged to the Fund do not result in financial loss to the Fund in the event of default by the borrower

The Responsible Entity manages property market price risk by strict application of the Mortgage Lending Policy, which forms part of its investment policies. The maximum thresholds for loan to valuation ratios stipulated in the Mortgage Lending Policy are the principal mode of property market price risk management.

The Responsible Entity continually monitors general property market price trends and activity as well as local issues affecting specific geographical areas.

### *c. Credit Risk*

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Balance Sheet. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Fund.

These risks are managed through the credit policies implemented by the fund. There is no concentration of credit risk in any particular industry or market segment; however all but a few mortgaged properties are within the State of Tasmania.

The Fund's cash assets are invested with Australian Authorised Deposit-taking Institutions approved by the Responsible Entity in accordance with the Fund's investment strategy.

### *d. Liquidity and Cash Flow Risk*

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as and when they fall due. The Fund's liquidity risk is managed on a daily basis in accordance with the Investment Policy.

## 14. Financial Instruments Continued

The following are contractual maturities of the Fund's financial instruments:

	On Call	Less Than 1 Month	1 - 3 Months	Greater Than 3 Months
<b>2016 FINANCIAL ASSETS</b>				
Cash Deposits	4,662,632	5,000,000	9,500,000	30,500,000
Receivables	-	975,377	-	-
Loans And Advances	84,518,517	-	-	-
<b>Financial Liabilities</b>				
Trade And Other Payables	-	(524,616)	-	-
Net Assets Attributable To Investors	-	-	(133,329,341)	-
<b>Net Financial Exposure</b>	<b>89,181,149</b>	<b>5,450,761</b>	<b>(123,829,341)</b>	<b>30,500,000</b>

<b>2015 FINANCIAL ASSETS</b>				
Cash Deposits	8,354,785	9,500,000	12,000,000	12,500,000
Receivables	-	842,342	-	-
Loans And Advances	88,832,185	-	-	-
<b>Financial Liabilities</b>				
Trade And Other Payables	-	(487,204)	-	-
Net Assets Attributable to Investors	-	-	(130,168,582)	-
<b>Net Financial Exposure</b>	<b>97,186,970</b>	<b>9,855,138</b>	<b>(118,168,582)</b>	<b>12,500,000</b>

### e. Net Fair Values

The carrying amounts of assets and liabilities of the Fund generally approximated fair value because of the short term to maturity.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Murdoch Clarke Mortgage Management Ltd as Responsible Entity for the Fund, we state that:

In the opinion of the Directors :

- (a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the Fund's financial position as at 30th June 2016 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 Accounting Standards and 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.
- (c) the financial statements are in accordance with the provisions of the Fund's Constitution.

On behalf of the Board  
Murdoch Clarke Mortgage Management Ltd.



Mr Damian Francis Egan,  
Chairman, Hobart



Mr Paul Kuzis,  
Director, Hobart

Dated: 29th September 2016



## Independent auditor's report to the members of Murdoch Clarke Mortgage Fund

### Report on the financial report

We have audited the accompanying financial report of Murdoch Clarke Mortgage Fund, which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of the Murdoch Clarke Mortgage Management Ltd 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 about 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 judgment, 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 controls 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 controls. 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.

#### *Independence*

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration 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 Murdoch Clarke Mortgage Fund is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the fund's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



DJ MCCARTHY  
Partner  
Wise Lord & Ferguson

Date: 29.9.16



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ARSN: 093 255 559

Responsible Entity:

Murdoch Clarke Mortgage Management Limited

ABN 84 115 958 560

Australian Financial Services Licence Number 296758

Australian Credit Licence Number 296758