

**Provident Capital Monthly Income Fund**

Unaudited Wind-Up Financial Statements for the period ended 30 April 2016

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**Provident Capital Monthly Income Fund**

ARSN 134 487 362

This financial report covers Provident Capital Monthly Income Fund (the “Fund”) as an individual entity. The financial report is presented in the Australian currency.

The Responsible Entity of the Fund is Provident Capital Limited (Receivers Appointed) (In Liquidation) (ABN 78 082 735 573) (“Responsible Entity”).

Due to the circumstances of the receivership of the Responsible Entity, the information in this wind-up financial report for the period ended 30 April 2016 has not been approved by the directors of the Responsible Entity and has not been audited. Accordingly, a directors' report has not been included in this financial report. Each of PPB Pty Ltd trading as PPB Advisory ABN 67 972 164 718 (PPB) and the receivers (Receivers) and liquidator (Liquidator) of the Responsible Entity make no representation, warranty or undertaking (express or implied) as to the fairness, accuracy, completeness or reliability of the contents of this financial report. The Receivers, the Liquidator, PPB and their respective officers and employees accept no responsibility or liability for any loss suffered as a result of any recipient of this financial report or any other person relying on the information in this financial report.

**Fund particulars**

<b>The Fund</b>	Provident Capital Monthly Income Fund ARSN 134 487 362
<b>The Responsible Entity</b>	Provident Capital Limited (Receivers Appointed) (In Liquidation) ABN 78 082 735 573 AFSL 225172 Level 7, 8 – 12 Chifley Square, Sydney, NSW 2000
<b>Directors of Responsible Entity</b>	Michael O’Sullivan (Chairman & Managing Director) Trevor J Seymour Malcolm P Bersten John P Sweeney  All the directors of the Responsible Entity resigned on 10 March 2014.
<b>The Investment Manager</b>	Provident Capital Limited (Receivers Appointed) (In Liquidation)
<b>Custodian of the Fund</b>	Perpetual Corporate Trust Limited ABN 99 000 341 533 AFSL 236643 Level 15, 20 Bond Street, Sydney, NSW 2000
<b>Auditor of the Fund</b>	KPMG ABN 51 194 660 183 10 Shelley Street, Sydney, NSW 2000

**Provident Capital Monthly Income Fund**  
**Unaudited Wind-Up Financial Statements for period ended 30 April 2016**

**Statement of comprehensive income**

For the period ended 30 April 2016

	Notes	Unaudited For the period ended 30 April 2016 \$	Unaudited For the year ended 30 June 2015 \$
<b>Investment income</b>			
Interest income	3	(9,985)	441,065
<b>Total investment income</b>		<b>(9,985)</b>	441,065
<b>Expenses</b>			
Loan impairment and recovery expenses	9	54,774	(342,888)
Responsible Entity's fees	13	-	(34,460)
Auditor's remuneration	5	(6,714)	(5,125)
Fund expenses	4	(310,854)	(34,196)
Abnormal expenses recovered from Responsible Entity (prior year over-provided)	13	-	(30,015)
<b>Total expenses</b>		<b>(262,794)</b>	(446,684)
<b>Net operating loss before finance costs attributable to unitholders</b>		<b>(272,779)</b>	(5,619)
<b>Financing costs attributable to unitholders</b>			
Increase/(decrease) in net assets attributable to unitholders	6	-	-
<b>Net loss for the period</b>		<b>(272,779)</b>	(5,619)
Other comprehensive income		-	-
<b>Total comprehensive income</b>	6	<b>(272,779)</b>	(5,619)
<b>Total comprehensive income at beginning of the period attributable to unitholders</b>		<b>351,566</b>	357,185
Distribution to unitholders	6	(78,787)	-
<b>Total comprehensive income at end of the period attributable to unitholders</b>		<b>-</b>	351,566

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Statement of financial position**

As at 30 April 2016

	Notes	Unaudited 30 April 2016 \$	Unaudited 30 June 2015 \$
<b>Current assets</b>			
Cash and cash equivalents	8	34,908	2,932,401
Receivables		-	98
Loan interest receivable		-	56,790
Loans and advances	9	-	87,198
<b>Total current assets</b>		<b>34,908</b>	<b>3,076,487</b>
<b>Non-current assets</b>			
Loans and advances	9	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>34,908</b>	<b>3,076,487</b>
<b>Current liabilities</b>			
Distribution payable		34,908	1,438
Payables and provisions	11	-	516,695
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>34,908</b>	<b>518,133</b>
<b>Net assets attributable to unitholders</b>	6	<b>-</b>	<b>2,558,354</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**Statement of changes in equity**

For the period ended 30 April 2016

The Fund's net assets attributable to unitholders are classified as a liability under AASB 32 "Financial Instruments: Presentation". As such the Fund has no equity, and no items of changes in equity have been presented for the current period ended 30 April 2016 or comparative year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Statement of cash flows**

For the period ended 30 April 2016

	Notes	Unaudited For the period ended 30 April 2016 \$	Unaudited For the year ended 30 June 2015 \$
<b>Cash flows from operating activities</b>			
Payment of loans and advances		(776,445)	(232,962)
Repayment of loans and advances		441,465	2,657,752
Interest received		22,709	623,775
Responsible Entity's fees paid		-	(142,325)
Fund expenses paid		(349,526)	(44,396)
GST refunded		16,409	12,911
<b>Net cash (outflow) / inflow from operating activities</b>	15(a)	<b>(645,388)</b>	2,874,755
<b>Cash flows from financing activities</b>			
Income distributions paid from net operating profit		(76,993)	-
Wind-up capital distributions paid		(2,175,112)	(1,275,518)
<b>Net cash outflow from financing activities</b>		<b>(2,252,105)</b>	(1,275,518)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,897,493)</b>	1,599,237
Cash and cash equivalents at the beginning of the period		2,932,401	1,333,164
<b>Cash and cash equivalents at the end of the period</b>	15(b)	<b>34,908</b>	2,932,401

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **Notes to the financial statements**

30 April 2016

### **Note 1 ~ General information**

This financial report covers Provident Capital Monthly Income Fund (the "Fund") as an individual entity. In a letter dated 12 December 2012, the Receivers of the Responsible Entity notified unitholders of the decision to terminate the Fund. The Fund is a registered managed investment scheme domiciled in Australia. The Fund is a for-profit entity and the principal activity is to invest in a portfolio of registered 1st mortgages over real estate in Australia as detailed in the most recent product disclosure statement and in accordance with the Fund's constitution. The Responsible Entity of the Fund is Provident Capital Limited (Receivers Appointed) (In Liquidation). The financial report is presented in Australian dollars which is the Fund's functional currency.

In these notes, statements of policy or procedure relate to the period ended 30 April 2016.

### **Note 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 during the reporting period, unless otherwise stated below.

#### **(a) Basis of preparation**

The Receivers made the decision to terminate the Fund with effect from 12 December 2012. The Fund has now been wound-up and all the remaining net assets of the Fund (after previous distributions) were distributed to unitholders on 30 March 2016 and 21 April 2016. This report represents the final unaudited wind-up financial report to unitholders.

#### **(b) Financial instruments**

##### **(i) Classification**

Financial assets that are classified as loans and receivables include loans and advances and accounts receivable. Other financial assets that are measured on an amortised basis include cash and cash equivalents.

Financial liabilities that are not at fair value through profit or loss include accounts payable.

##### **(ii) Recognition/derecognition**

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement.

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

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the period the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively fair value at reporting date.

(iv) Impairment

The Responsible Entity assesses at each statement of financial position date whether there is any objective evidence that loans are impaired. A loan is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated.

If any such indication of impairment exists, an impairment loss is recognised. The amount of impairment loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised in the statement of comprehensive income.

Bad debts are written off from time to time as determined by management of the Responsible Entity when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provisions for impairment, if a provision for impairment had previously been recognised. If no provision had been recognised, the write offs are recognised as expenses in the statement of comprehensive income.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(c) Net assets attributable to unitholders**

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercise their right to redeem their units.

**(d) Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and cash management trusts.



**(e) Investment income**

Interest income is recognised in the statement of comprehensive income for all financing instruments using the effective interest method.

**(f) Expenses**

All expenses, including Responsible Entity's fees are recognised in the statement of comprehensive income on an accruals basis.

In accordance with the notice to unitholders dated 26 March 2015 the Receivers on behalf of the Responsible Entity have changed the fee expense recovery arrangements with effect from 1 May 2015 as follows:

- waive the management fee payable to Provident Capital Limited (Receivers Appointed) (In Liquidation);
- waive any default loan administration fees payable to Provident; and
- pay ordinary and abnormal Fund expenses directly from the Fund.

**(g) Income tax**

Under current legislation, the Fund is not subject to income tax provided that the taxable income of the Fund is fully distributed either by way of cash or reinvestment to unitholders. The constitution provides that the unitholders are presently entitled to the net income of the Fund.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against future distributions to unitholders.

**(h) Distributions**

From termination of the Fund, income distributions in relation to the Fund have been calculated and paid as part of the wind-up process.

In accordance with the Fund's constitution, the Fund fully distributed its distributable (taxable) income, and any other amounts determined by the Responsible Entity to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders and as a liability, where not paid. Income not distributed is allocated to unitholders as taxable income.

Distributions paid are included in cash flows from financing activities in the statement of cash flows.

**(i) Increase/decrease in net assets attributable to unitholders**

Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as part of finance costs attributable to unitholders.

**(j) Applications and redemptions**

Applications and redemptions in relation to the Fund were suspended.

Prior to the suspension, applications received for units in the Fund were recorded at the gross amount received as there were no entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund were recorded at the gross amount payable as there were no exit fees after the cancellation of units redeemed.

Unit redemption prices were determined in accordance with the Fund's constitution and most recent product disclosure statement by reference to the net assets of the Fund divided by the number of units on issue.

**(k) Goods and Services Tax (GST)**

The GST incurred on costs is recognised net of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). The Fund qualifies for Reduced Input Tax Credits (RITC), hence investment management fees have been recognised in the statement of comprehensive income net of the applicable amount of GST recoverable from the ATO. Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

**(l) Use of estimates**

The Fund makes estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Actual results may differ from these estimates.

**(m) Reporting period**

The unaudited financial statements presented are for the reporting period ended 30 April 2016 with comparative disclosed for the year ended 30 June 2015.

**Note 3 ~ Interest income**

	<b>Unaudited For the period ended 30 April 2016 \$</b>	<b>Unaudited For the year ended 30 June 2015 \$</b>
<b>Interest income</b>		
Cash and deposits	<b>23,653</b>	32,675
Loans and advances	<b>(33,638)</b>	408,390
	<b>(9,985)</b>	441,065

**Note 4 ~ Expenses**

	<b>Unaudited For the period ended 30 April 2016 \$</b>	<b>Unaudited For the year ended 30 June 2015 \$</b>
Accounting and custody	64,921	15,375
Registry	45,921	6,963
Compliance committee costs	27,063	11,858
Insurance fees	55,813	-
Legal fees	29,392	-
Provident Capital Limited fees	70,790	-
Taxation services	3,061	-
Sundry expenses	13,893	-
	<b>310,854</b>	<b>34,196</b>

**Note 5 ~ Auditor's Remuneration**

The auditor's remuneration is paid by the Fund - refer Notes 2(f)

For the reporting period the following fees were paid or are payable for services provided by the auditor of the Fund:

	<b>Unaudited For the period ended 30 April 2016 \$</b>	<b>Unaudited For the year ended 30 June 2015 \$</b>
<b>Audit services</b>		
Audit of financial report	-	-
Other regulatory audit services	-	-
Non audit service - taxation	6,714	5,125
	<b>6,714</b>	<b>5,125</b>

**Note 6 ~ Net assets attributable to unitholders**

Movements in number of units and net assets attributable to unitholders during the year were as follows:

**Unaudited - For the period ended 30 April 2016 - Units**

	<b>Retail variable rate units</b>	<b>Retail fixed rate units</b>	<b>Security units</b>	<b>Wholesale variable rate units</b>	<b>Total</b>
<b>Net assets attributable to unitholders</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
Opening balance	30,969,641	428,097	116,695	11,094	31,525,527
Applications	-	-	-	-	-
Redemptions	-	-	-	-	-
Refunds in terms of cooling-off rights	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-
Cancellation of units due to full capital repayment of all units	(30,969,641)	(428,097)	(116,695)	(11,094)	(31,525,527)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-
Closing balance	-	-	-	-	-

**Unaudited - For the period ended 30 April 2016 - \$**

	<b>Retail variable rate units</b>	<b>Retail fixed rate units</b>	<b>Security units</b>	<b>Wholesale variable rate units</b>	<b>Total</b>
<b>Net assets attributable to unitholders</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	2,513,235	36,034	8,169	916	2,558,354
Applications	-	-	-	-	-
Redemptions	-	-	-	-	-
Refunds in terms of cooling-off rights	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-
Undistributed (loss) / income to unitholders	(267,675)	(4,993)	-	(111)	(272,779)
Wind-up capital distributions paid - capital	(2,167,874)	(29,967)	(8,169)	(778)	(2,206,788)
Wind-up distributions paid - income	(77,686)	(1,074)	-	(27)	(78,787)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-
Closing balance	-	-	-	-	-

Unaudited - For the year ended 30 June 2015 - Units

	Retail variable rate units	Retail fixed rate units	Security units	Wholesale variable rate units	Total
<b>Net assets attributable to unitholders</b>	Units	Units	Units	Units	Units
Opening balance	30,969,641	428,097	116,695	11,094	31,525,527
Applications	-	-	-	-	-
Redemptions	-	-	-	-	-
Refunds in terms of cooling-off rights	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-
Closing balance	30,969,641	428,097	116,695	11,094	31,525,527

Unaudited - For the year ended 30 June 2015 - \$

	Retail variable rate units	Retail fixed rate units	Security units	Wholesale variable rate units	Total
<b>Net assets attributable to unitholders</b>	\$	\$	\$	\$	\$
Opening balance	3,757,530	53,263	12,837	1,361	3,824,991
Applications	-	-	-	-	-
Redemptions	-	-	-	-	-
Refunds in terms of cooling-off rights	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-
Undistributed income due to unitholders	(5,513)	(105)	-	(1)	(5,619)
Wind-up capital distributions paid and payable	(1,238,782)	(17,124)	(4,668)	(444)	(1,261,018)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-
Closing balance	2,513,235	36,034	8,169	916	2,558,354

The rights, preferences and restrictions attached to each class of unit are as follows:

**Retail variable rate units**

Unitholders were entitled to receive monthly distributions which will vary from month to month aligned with the performance of the Fund. As the Fund was terminated, distributions after termination have been calculated and paid as part of the wind-up process.

Prior to the suspension of withdrawals, withdrawals were processed quarterly with effect from each 31 March, 30 June, 30 September and 31 December. Units were eligible for withdrawal if held for at least 12 months or at least 3 months after having been switched from a fixed rate unit and the withdrawal request was received at least 3 months before the relevant quarterly processing date.

The unit price is a floating price that targets \$1.00 and is calculated monthly.

### **Retail fixed rate units**

Unitholders were entitled to receive monthly distributions at the rate fixed at the time of investment. As the Fund was terminated, distributions after termination have been calculated and paid as part of the wind-up process.

Prior to the suspension of withdrawals, withdrawals were processed quarterly with effect from each 31 March, 30 June, 30 September and 31 December. Units were eligible for withdrawal if the investment period had expired and the withdrawal request was received at least 3 months before the relevant quarterly processing date.

The unit price was a floating price that targeted \$1.00 and was calculated monthly.

### **Security units**

Security units were treated as retail variable rate units when calculating distributions and unit price. In addition, unitholders were entitled to receive the surplus distributable income of the Fund after the distributions to other units. As the Fund was terminated, distributions after termination have been calculated and paid as part of the wind-up process.

Prior to the suspension of withdrawals, units could be withdrawn at any time (i) to pay a potential shortfall in a distribution on fixed rate units or (ii) if in excess of the nominated threshold amount (5% of the aggregate amount invested in fixed rate units from time to time or \$5 million, whichever is the lesser) or (iii) if any step was taken to remove the Responsible Entity as responsible entity or the Responsible Entity ceased to be the responsible entity for any reason.

Security units held by the Responsible Entity were able to be used to support any potential shortfall between the available distributable income and the amount required to pay a distribution at the applicable fixed rate.

### **Wholesale variable rate units**

Unitholders had the same entitlements as retail variable rate units except that (i) a lower management fee was deducted in calculating distributions for the wholesale units, (ii) there was no minimum investment period before a withdrawal request may be made (although noting that withdrawals were suspended), and (iii) the unit price was calculated daily and included any net accumulated income.

As stipulated within the Fund's constitution, each unit represented a right to an individual share in the Fund and did not extend to a right to the underlying assets of the Fund.

**Note 7 ~ Distributions paid and payable**

**Income distributions from net operating profit - Timing of distributions**

Unaudited – There were income distributions from net operating profit paid for the period ended 30 April 2016 and nil paid in the prior year.

Month	Total distribution	Retail variable rate units	Retail fixed rate units	Security units	Wholesale variable rate units
	\$	Cents per unit			
21 April 2016 paid	78,787	77,686	1,074	-	27
<b>Total</b>	<b>78,787</b>				

As unitholders were presently entitled to the distributable and undistributed income of the Fund, no income tax is payable by the Fund.

**Wind-up capital distributions - Timing of distributions**

Unaudited - The wind-up capital distributions for the period ended 30 April 2016 were as follows:

Month	Total distribution	Retail variable rate units	Retail fixed rate units	Security units	Wholesale variable rate units
	\$	Cents per unit			
10 December 2015 paid	1,261,022	4.0000	4.0000	4.0000	4.0000
30 March 2016 paid	945,766	3.0000	3.0000	3.0000	3.0000
<b>Total</b>	<b>2,206,788</b>				

Unaudited - The wind-up distributions for the period ended 30 June 2015 were as follows:

Month	Total distribution	Retail variable rate units	Retail fixed rate units	Security units	Wholesale variable rate units
	\$	Cents per unit			
08 August 2014 paid	1,261,021	4.0000	4.0000	4.0000	4.0000
<b>Total</b>	<b>1,261,021</b>				

**Note 8 ~ Cash and cash equivalents**

	Unaudited 30 April 2016	Unaudited 30 June 2015
	\$	\$
Cash at bank	34,908	2,932,401
	<u>34,908</u>	<u>2,932,401</u>

Included in Cash at bank for the current period 30 April 2016 are unclaimed capital and income distributions to unit holders. Included in Cash at bank as at 30 June 2015 were proceeds from a discharged loan and accrued interest of \$744,799. These funds were held in an escrow bank account pending the outcome of litigation which had been commenced by a borrower. A confidential commercial resolution was reached with the borrower which allowed for a substantial amount of the funds to be released from the escrow bank account back to the Fund.

**Note 9 ~ Loans and advances**

	<b>Unaudited 30 April 2016</b>	<b>Unaudited 30 June 2015</b>
	\$	\$
Loans and Advances before impairment provisions	-	419,073
Less: Specific impairment provisions	-	(235,000)
Loans and advances after specific impairment provision	-	184,073
Less: Collective impairment provision	-	(96,875)
Carrying value of loans and advances	-	87,198
<b>Allocated as follows:</b>		
Current portion	-	87,198
Non-current portion	-	-

**Note 10 ~ Impairment provision**

	<b>Unaudited 30 April 2016</b>	<b>Unaudited 30 June 2015</b>
	\$	\$
Opening balance	331,875	176,879
Impairment provision created during period	284	319,996
Impairment provision utilised during period	(305,709)	(165,000)
Impairment excess provision reversed to income statement	(26,450)	
Closing Balance	-	331,875
<b>Allocated as follows:</b>		
Specific loan impairment provisions	-	235,000
Collective loan impairment provision	-	96,875
Impairment provision created	(234,475)	319,997
Net loan recovery expenses and provision	156,549	40,887
Write off of loan interest receivable	23,152	(17,996)
Loan impairment and recovery expenses	(54,774)	342,888

**Note 11 ~ Payables and provisions**

	<b>Unaudited 30 April 2016</b>	<b>Unaudited 30 June 2015</b>
	\$	\$
Other payables and provisions	-	516,695
	-	516,695

Included in other payables and provisions was provisioning at 30 June 2015 for legal fees and settlement costs in relation to litigation for the Battaglia matter. A confidential commercial resolution was reached with the borrower and the provision was fully utilised.



**Note 12 ~ Financial assets and liabilities**

	<b>Unaudited 30 April 2016</b>	<b>Unaudited 30 June 2015</b>
	\$	\$
<b>Assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	<b>34,908</b>	2,932,401
Receivables	-	98
Loan interest receivable	-	56,790
Loans and advances	-	87,198
<b>Total assets</b>	<b>34,908</b>	<b>3,076,487</b>
<b>Liabilities</b>		
<i>Financial liabilities measured at amortised cost</i>		
Distribution payable	<b>34,908</b>	1,438
Payables	-	516,695
<b>Total liabilities</b>	<b>34,908</b>	<b>518,133</b>

**Note 13 ~ Financial risk management**

There is no financial risk

**Note 14 ~ Related party transactions**

**Responsible Entity**

The Responsible Entity of the Fund is Provident Capital Limited (Receivers Appointed) (In Liquidation) ABN: 78 082 735 573. Accordingly, transactions with entities related to the Responsible Entity are disclosed below.

The Responsible Entity also acts as investment manager for the Fund.

At 30 April 2016 the Responsible Entity held Nil security units at a capital value of Nil (2015: 116,695 units at a capital value of \$8,169) and Nil wholesale variable rate units at a capital value of Nil (2015: 11,094 units at a capital value of \$776) in the Fund as all capital was returned to the Responsible Entity and all units were cancelled.

**Key management personnel**

The Fund does not employ personnel in its own right. However it is required to have, as incorporated Responsible Entity, personnel to manage the activities of the Fund.

**Key management personnel unitholdings**

At 30 April 2016 according to the records of the Fund, key management personnel and related entities held Nil units (2015 – 430,135 units) at a capital value of Nil (2015 - \$47,315) in the Fund. The income distributions paid and payable on these unitholdings for the period ended 30 April 2016 from net operating profit were \$1,079 (year ended 30 June 2015 - \$Nil). The wind-up distributions paid and payable on these unitholdings for the period ended 30 April 2016 were \$30,109 (year ended 30 June 2015 - \$17,205).

**Key management personnel compensation**

Key management personnel were paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity did not include any amounts attributable to the compensation of key management personnel.

**Key management personnel loan disclosures**

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the 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 and there were no material contracts involving directors' interests subsisting at year end.

**Responsible Entity's fees and other transactions**

	<b>Unaudited Period ended 30 April 2016</b>	<b>Unaudited Year ended 30 June 2015</b>
	\$	\$
Responsible Entity's fees paid and payable by the Fund	-	34,460
Loan default administration fee	-	66,604
Abnormal expenses (over provided prior year)/recovered from Responsible Entity	-	30,015
	-	131,079
Income distributions paid or payable from net operating profit to the Responsible Entity on units held in the Fund	-	-
Wind-up Distributions paid or payable to the Responsible Entity on units held in the Fund		5,112
Payment of loans and advances	-	-

Under the terms of the Fund's constitution, the Responsible Entity was entitled to receive Responsible Entity fees, calculated by reference to the total value of Fund's assets at the end of each month. With effect from 1 May 2015 the Receivers on behalf of the Responsible Entity waived these fees (refer note 2 (f)).

During the reporting period, the Responsible Entity did not transfer any existing registered 1<sup>st</sup> mortgage loans made by it in its other management capacities into the Fund

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

**Fund investments in related parties**

The Fund did not hold any investments in the Responsible Entity or its related parties during the period.

**Note 15 ~ Notes to the statement of cash flows**

**(a) Reconciliation of net operating profit to net cash flows from operating activities**

	<b>Unaudited Period ended 30 April 2016</b>	<b>Unaudited Year ended 30 June 2015</b>
	\$	\$
Net operating loss		
before finance costs attributable to unitholders	<b>(272,779)</b>	(5,619)
Decrease in loan advances	<b>87,198</b>	2,433,848
Decrease in receivables	<b>98</b>	3,486
(Decrease) / Increase in trade and other payables	<b>(516,695)</b>	220,018
Decrease in interest receivable	<b>56,790</b>	223,022
<b>Net cash inflow from operating activities</b>	<b>(645,388)</b>	2,874,755

**(b) Cash and cash equivalents**

Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	<b>Unaudited 30 April 2016</b>	<b>Unaudited 30 June 2015</b>
	\$	\$
Cash at bank	<b>34,908</b>	2,932,401
	<b>34,908</b>	1,333,164

**(c) Non-cash financing activities**

	<b>Unaudited Period ended 30 April 2016</b>	<b>Unaudited Year ended 30 June 2015</b>
	\$	\$
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	-	-
	-	-

**Note 16 ~ Events occurring after the balance sheet date**

**Final wind-up financial statements will be unaudited**

These final wind-up financial statements will not be independently audited. Since an independent audit is required by the Fund's constitution and compliance plan, this will constitute breaches (respectively) of sections 601FC(1)(h) and (m) of the Corporations Act. The Receivers on behalf of the Responsible Entity will lodge these final unaudited wind-up financial statements with ASIC as well as a breach notice.

**Note 17 ~ Contingent assets and liabilities and commitments**

There are no outstanding contingent assets and liabilities or commitments as at the wind-up date of the Fund.