

# Appendix 4E

## Preliminary Final Report Results for announcement to the market

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under (ASX) Listing Rule 4.3A.

CVC Property Fund		
ABN	Financial Year ended (‘Reporting Period’)	Previous Financial Year ended (‘Corresponding period’)
32 224 732 497	30 June 2009	30 June 2008

### Results

Income	up	27%	to	1,842,710
Loss attributable to unitholders	down	75%	to	2,225,757

### Distributions

	Amount per security	Franked amount per security
Final Distribution	- ¢	- ¢

### Net tangible asset per security

	Year ended 30 June 2009	Year ended 30 June 2008
Net tangible asset backing per unit	5.44	7.55

The preliminary final report is based on accounts that have been audited

### Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

### **Commentary on Results, Developments and Future Expectations**

The Directors of CVC Property Managers Limited, the Manager and Responsible Entity, report a loss of \$2,225,757 (2008: loss \$8,848,806) for the year ended 30 June 2009 for CVC Property Fund (ASX: CJT). The loss was primarily the result of the revaluation of the development site at Narabang Way, Belrose NSW which resulted in an impairment charge of \$1,943,363.

During the year a strategic review was undertaken of the Group. This included consideration of the disposal of both the properties at 8 Rodborough Road Frenchs Forest NSW and Narabang Way, Belrose NSW and alternative investment opportunities. After seeking expressions of interest in relation to the sale of the properties the Directors considered that in light of the current economic environment it was more beneficial to unitholders to retain the properties and evaluate opportunities once more favourable conditions return.

In order to retain the properties the loan facility with National Australia Bank (formerly BNZA) for the Frenchs Forest property was renegotiated and extended to October 2010 as well as CVC Limited providing an additional \$1.05 million during the year. The additional funding allowed the commencement of earthworks on the site at Narabang Way. The work included relocating soil and plants to a new council owned site. This process has taken longer than anticipated as approval was required to be obtained by council for the recipient site before work could commence.

### **Distributions**

Due to the significant impact on the accounting results with the write-down of both properties, the Fund will not be in a position to undertake a distribution for the year ending June 2008.

Alexander Beard  
Director  
28 August 2009

**CVC PROPERTY FUND  
AND ITS CONTROLLED ENTITIES  
(FORMERLY CVC TRINITY PROPERTY FUND)  
  
FINANCIAL REPORT**

ARSN 107 276 184  
ABN 32 224 732 497

For the financial year ended  
30 June 2009

The financial report was authorised for issue by the Directors of the Responsible Entity on 28 August 2009. The Responsible Entity has the power to amend and reissue the financial report.

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **COMPANY PARTICULARS**

### **CVC Property Fund**

ARSN 107 276 184

ABN 32 224 732 497

### **RESPONSIBLE ENTITY**

CVC Property Managers Limited

Level 42, 259 George St

Sydney NSW 2000

ACN 066 092 028

ABN 72 066 092 028

### **REGISTERED OFFICE**

Level 42, 259 George St

Sydney NSW 2000

Telephone: (02) 9087 8000

Facsimile: (02) 9087 8088

### **CUSTODIAN**

Trust Company Limited

Level 4, 35 Clarence Street

Sydney NSW 2001

ACN 113 947 309

Telephone: (02) 8295 8800

Facsimile: (02) 8295 8675

### **DIRECTORS OF THE RESPONSIBLE ENTITY**

Vanda Russell Gould (Chairman and Executive Director)

Alexander Damien Beard (Executive Director)

Kim Warren McGrath (Non-Executive Director)

John Tak Ching Lau (Non-Executive Director)

### **SOLICITORS TO RESPONSIBLE ENTITY**

DLA Phillips Fox

Waterfront Place

1 Eagle Street

Brisbane QLD 4000

Telephone: (07) 3246 4000

Facsimile: (07) 3229 4077

### **COMPLIANCE COMMITTEE**

Gordon Quah-Smith (Chairperson)

Russell Wheeler

Peter Kalantzis

### **AUDITORS TO THE FUND**

HLB Mann Judd (NSW Partnership)

Chartered Accountants

Level 19, 207 Kent Street

SYDNEY, NSW 2000, AUSTRALIA

Telephone: (02) 9020 4000

Facsimile: (02) 9020 4191

### **COMPANY SECRETARY**

John Andrew Hunter

### **UNIT REGISTRY**

Gould Ralph Services Pty Limited

Share Registry Division

Level 42, 259 George Street

SYDNEY, NSW 2000, AUSTRALIA

Telephone: (02) 9032 3000

Facsimile: (02) 9032 3088

### **STOCK EXCHANGE LISTING**

Australian Stock Exchange Limited

# **CVC PROPERTY FUND**

## **AND ITS CONTROLLED ENTITIES**

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# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **DIRECTORS' REPORT**

The Directors of CVC Property Managers Limited (ACN 066 092 028) (Formerly CVC Trinity Property Managers Limited), (the "Responsible Entity"), submit herewith the financial report of CVC Property Fund ("the Fund") (Formerly CVC Trinity Property Fund) and its controlled entities ("the Group") for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### **DIRECTORS**

The names of the Directors of the Responsible Entity during or since the end of the financial year and their qualifications are:

**Vanda Russell Gould** (Chairman and Executive Director. Appointed 28 April 2009)

B.Com (Uni. of NSW), M.Com (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.

During the past three years Mr Gould has also served as a Director and Chairman of CVC Limited, Cyclopharm Limited and Vita Life Sciences Limited, as well as numerous private and public companies including educational establishments.

**Alexander Damien Beard** (Executive Director)

B. Com. (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Member of Australian Institute of Company Directors.

During the past three years Mr Beard has also served as Chairman of Cellnet Limited and as Director of the following other listed companies: CVC Limited, Mercury Mobility Limited, Blue Energy Limited and Greens Foods Limited.

**Kim Warren McGrath** (Non-Executive Director)

BEc(Hons), LLB (ANU), Dip Fin Services (AFMA), Fin Analysis Cert (UTS), FAIT FAICD CPA and Practising Solicitor (England/Wales and Victoria), Adv Management Prog (Oxon) and ASIC PS146/164 compliant

During the past three years Mr McGrath has also served as a Director of the following other listed companies: Redbank Mines Limited and Oil Basins Limited.

**John Tak Ching Lau** (Non-Executive Director. Appointed 28 April 2009)

MAppFin (Macq), BBus (UTS), Ad Dip Property (Valuation), Dip Bus (Real Estate Management), Cert IV in Ass & Workplace Training, ASIC PS146/164 compliant, LVal, LREA, PAAPI, Justice of Peace (NSW)

Mr Lau is currently a Director of a private company group with its main focus being in residential property development since the early 1990's.

**Geoffrey Pattison Leaver** (Chairman and Executive Director. Resigned 28 April 2009)

B. Econ. (Syd) SEP (Stanford)

The above named Directors held office during and since the end of the financial year unless otherwise stated.

### **COMPANY SECRETARY**

**John Andrew Hunter**

B. Com. (ANU), M.B.A (MGSM)

Member of the Institute of Chartered Accountants in Australia.

### **PRINCIPAL ACTIVITIES**

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

The Fund's principal activity during the financial year was to hold a portfolio of property investments in accordance with the provisions of the Constitution. There has been no significant change in the activities of the Fund during the financial year. The Fund did not have any employees during the year.

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **DIRECTORS' REPORT (CONTINUED)**

### **REVIEW OF OPERATIONS**

#### *Results*

The results of the operations of the Group are disclosed in the Income Statement of these financial statements. The net loss attributable to unitholders for the year ended 30 June 2009 was \$2,225,757 (2008: loss of \$8,848,806).

#### *Distributions*

No distribution has been declared during the financial year or since the end of the financial year (2008: nil).

### **CHANGES IN STATE OF AFFAIRS**

During the financial year there was no significant change in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

### **SUBSEQUENT EVENTS**

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years

### **LIKELY DEVELOPMENTS**

Disclosure of information regarding likely developments in the operations of the Fund in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Fund. Accordingly, this information has not been disclosed in this report.

### **OPTIONS GRANTED**

No options were:

- (i) Granted over unissued units in the Fund during or since the end of the financial year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Fund were under option as at the date on which this Report is made.

No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **DIRECTORS' REPORT (CONTINUED)**

### **INDEMNIFICATION OF OFFICERS OF THE RESPONSIBLE ENTITY AND AUDITORS**

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

### **AUDITOR'S INDEPENDENCE DECLARATION**

During the financial year the auditor, HLB Mann Judd (NSW Partnership) did not provide non-audit services to the Group. The auditor's independence declaration is included on page 5 of the financial report.

### **SCHEME INFORMATION IN THE DIRECTORS' REPORT**

Fees paid to the Responsible Entity and its associates from the Fund during the financial year are disclosed in note 16 to the financial statements.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 16 to the financial statements.

The number of interests in the Fund issued during the financial year, withdrawals from the Fund during the financial year, and the number of interests in the Fund at the end of the financial year are disclosed in note 16 to the financial statements.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Alexander Dansjen Beard  
Director  
CVC Property Managers Limited  
28 August 2009



**CVC PROPERTY FUND  
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009**

**To the Directors of CVC Property Managers Limited:**

As lead auditor for the audit of CVC Property Fund for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration applies to CVC Property Fund and the entities it controlled during the year ended 30 June 2009.



**P B MEADE**  
Partner


Sydney  
28 August 2009

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>INCOME</b>					
Interest income		19,520	105,235	11,373	85,153
Commercial Office Rent		1,823,190	1,341,201	-	-
Recovery of deficiency of assets of controlled trust		-	-	10,707	-
Other income		-	-	-	42,848
<b>Total income</b>	<b>2(a)</b>	<b>1,842,710</b>	<b>1,446,436</b>	<b>22,080</b>	<b>128,001</b>
<b>EXPENSES</b>					
Change in fair value of investment property		-	4,431,315	-	-
Impairment of property, plant and equipment		1,943,363	4,007,059	-	-
Impairment of equity investments		-	-	1,961,422	6,216,675
Investment property-related expenses		285,905	170,909	-	-
Provision for deficiency of assets of controlled trust		-	-	-	2,460,727
Administrative expenses		306,837	335,872	286,415	299,493
Borrowing costs		1,532,362	1,350,087	-	-
<b>Total expenses</b>	<b>2(b)</b>	<b>4,068,467</b>	<b>10,295,242</b>	<b>2,247,837</b>	<b>8,976,895</b>
<b>Loss attributable to unitholders</b>		<b>(2,225,757)</b>	<b>(8,848,806)</b>	<b>(2,225,757)</b>	<b>(8,848,894)</b>
Basic and diluted earnings per unit (cents per unit)	11	(2.11)	(8.38)	(2.11)	(8.38)

*Notes to the financial statements are included on pages 10 to 23.*

# CVC PROPERTY FUND

## AND ITS CONTROLLED ENTITIES

### BALANCE SHEETS AS AT 30 JUNE 2009

	Notes	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	13	396,385	962,884	29,236	422,858
Trade and other receivables	4	6,903	24,561	4,821	19,436
Current tax assets		17,887	17,887	17,887	17,887
<b>Total current assets</b>		<b>421,175</b>	<b>1,005,332</b>	<b>51,944</b>	<b>460,181</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	8,500,000	10,000,000	-	-
Investment property	7	18,000,000	18,000,000	-	-
Financial assets	18	-	-	8,207,901	10,029,323
<b>Total non-current assets</b>		<b>26,500,000</b>	<b>28,000,000</b>	<b>8,207,901</b>	<b>10,029,323</b>
<b>TOTAL ASSETS</b>		<b>26,921,175</b>	<b>29,005,332</b>	<b>8,259,845</b>	<b>10,489,504</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	8	195,258	152,085	57,778	50,974
Interest bearing liabilities	10	6,773,871	20,875,444	-	-
<b>Total current liabilities</b>		<b>6,969,129</b>	<b>21,027,529</b>	<b>57,778</b>	<b>50,974</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	10	14,200,000	-	-	-
Provisions	9	-	-	2,450,021	2,460,727
<b>Total non-current liabilities</b>		<b>14,200,000</b>	<b>-</b>	<b>2,450,021</b>	<b>2,460,727</b>
<b>TOTAL LIABILITIES</b>		<b>21,169,129</b>	<b>21,027,529</b>	<b>2,507,799</b>	<b>2,511,701</b>
<b>NET ASSETS</b>		<b>5,752,046</b>	<b>7,977,803</b>	<b>5,752,046</b>	<b>7,977,803</b>
<b>UNITHOLDERS EQUITY</b>	11	<b>5,752,046</b>	<b>7,977,803</b>	<b>5,752,046</b>	<b>7,977,803</b>

*Notes to the financial statements are included on pages 10 to 23.*

# CVC PROPERTY FUND

## AND ITS CONTROLLED ENTITIES

### STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>				
Net loss for the year	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
<b>Total recognised income and expense for the year</b>	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
<b>Net decrease in equity for the year</b>	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
<b>Equity at the beginning of the year</b>	7,977,803	16,826,609	7,977,803	16,826,697
<b>EQUITY AT THE END OF THE YEAR</b>	5,752,046	7,977,803	5,752,046	7,977,803

*Notes to the financial statements are included on pages 10 to 23.*

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts during the course of operations		1,823,190	1,341,201	-	-
Cash payments in the course of operations		(609,238)	(430,711)	(267,592)	(289,267)
Interest received		22,116	118,063	13,970	97,981
Finance costs		(933,935)	(1,350,087)	-	-
Withholding tax received		-	7,700	-	7,700
<b>Net cash provided by /(used in) operating activities</b>	<b>13(b)</b>	<b>302,133</b>	<b>(313,834)</b>	<b>(253,622)</b>	<b>(183,586)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payment for property, plant and equipment		(368,632)	(187,607)	-	-
Payment for investment property		-	(22,431,315)	-	-
Payment for units in trust		-	-	-	(2,207,719)
<b>Net cash used in investing activities</b>		<b>(368,632)</b>	<b>(22,618,922)</b>	<b>-</b>	<b>(2,207,719)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		1,050,000	20,875,444	-	-
Repayment of borrowings		(1,550,000)	-	-	-
Loans provided		-	-	(250,000)	(209,103)
Loans received		-	-	110,000	-
<b>Net cash (used in)/provided by financing activities</b>		<b>(500,000)</b>	<b>20,875,444</b>	<b>(140,000)</b>	<b>(209,103)</b>
<b>Net reduction in cash and cash equivalents held</b>		<b>(566,499)</b>	<b>(2,057,312)</b>	<b>(393,622)</b>	<b>(2,600,408)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>962,884</b>	<b>3,020,196</b>	<b>422,858</b>	<b>3,023,266</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13(a)</b>	<b>396,385</b>	<b>962,884</b>	<b>29,236</b>	<b>422,858</b>

Notes to the financial statements are included on pages 10 to 23.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

#### **Basis of Preparation**

CVC Property Managers Limited ABN 72 066 092 028 is the Responsible Entity of the CVC Property Fund ("the Fund") and its controlled entities ("the Group"). The Responsible Entity's registered office is Level 42, 259 George St, Sydney, NSW 2000. The Fund commenced operations on 10 October 1980.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties and property held for development which have been measured at fair value.

#### **Going Concern**

The financial report has been prepared on a going concern basis despite the Group generating a loss during the financial year and there being a deficiency of current assets compared to current liabilities of \$6,547,954. A letter of financial support has been received from CVC Limited, a related party that sets out that it is willing to extend the maturity date of the facility secured by a second ranking mortgage over the Frenchs Forest property, and provide additional financial support in order for the Group to meet commitments that may arise during, as a minimum up to 28 August 2010.

#### **Critical accounting estimates**

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 6 (property held for development) and note 7 (investment property).

#### **Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. It is considered that the only accounting standard that is applicable is AASB 2007-8: *Amendments to Australian Accounting Standards* arising from AASB 101 which has recently been issued but is effective for reporting periods commencing after 1 January 2009. The standard has not been adopted for the annual reporting period ending 30 June 2009. Application of the standard will not effect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial report.

#### **1.1 Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the CVC Property Fund and its controlled entities during the year ended 30 June 2009. The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which the Fund has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In preparing the consolidated financial statements, all inter company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of controlled entities is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

### **NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)**

#### **1.2 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### ***Interest***

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### ***Commercial office rent***

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

##### ***Sale of property, plant and equipment***

The gain or loss on sale of property, plant and equipment is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### ***Investment Properties***

Investment properties are stated at fair value, which reflects market conditions at balance sheet date. Gains and losses arising from changes in the fair values of investment properties are recognised on profit or loss in the year which they arise.

#### **1.3 Cash and Cash Equivalents**

For the cash flow statement, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

#### **1.4 Trade and Other Receivables**

Receivables are recognised and carried at original invoice amount less a provision of impairment. Trade receivables are generally settled within 30 days.

A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

#### **1.5 Investments**

Investments in controlled entities are initially recorded at cost. Following initial recognition investments are carried at cost less any accumulated impairment losses.

#### **1.6 Property, Plant and Equipment**

Property under development is recorded at original cost or valuation at the time that the property was placed under development plus development expenditure at cost. Property under development is also subject to impairment testing at the balance sheet date.

#### **1.7 Investment Property**

Investment properties are measured initially at cost, which includes transaction costs. After initial recognition, investment properties are measured at fair value. Changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise.

#### **1.8 Trade and Other Payables**

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

### **NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)**

#### **1.9 Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

#### **1.10 Income Tax and Other Taxes**

Under current income tax legislation the Group is not liable to pay income tax as income of the Group is fully distributed to unitholders.

Realised capital losses are not distributed to unitholders but retained to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

#### *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

#### **1.11 Distributions**

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders by way of cash or reinvestment into the Fund.

#### **1.12 Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### **1.13 Impairment**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>NOTE 2: INCOME AND EXPENSES</b>				
Loss attributable to unit holders has been determined after:				
<b>(a) Income</b>				
Interest receipts – other entities	19,520	105,235	11,373	85,153
Commercial Office Rent	1,823,190	1,341,201	-	-
Recovery of deficiency of assets of controlled trust	-	-	10,707	-
Other income	-	-	-	42,848
	<u>1,842,710</u>	<u>1,446,436</u>	<u>22,080</u>	<u>128,001</u>
<b>(b) Expenses</b>				
Audit	41,500	44,000	41,500	44,000
Borrowing Costs				
Related entities	598,427	377,258	-	-
Other entity	933,934	972,829	-	-
Change in fair value of investment property	-	4,431,315	-	-
Impairment of property, plant and equipment	1,943,363	4,007,059	-	-
Impairment of equity investments	-	-	1,961,422	6,216,675
Land tax	87,802	78,989	-	-
Management fees	185,350	207,258	185,350	213,758
Provision for deficiency of assets of controlled trust	-	-	-	2,460,727
Other expenses	278,091	176,534	59,565	41,735
	<u>4,068,467</u>	<u>10,295,242</u>	<u>2,247,837</u>	<u>8,976,895</u>

### NOTE 3: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditor of the Group:

Auditing or reviewing the financial report	35,000	37,500	35,000	37,500
Other audit services – compliance plan audit	6,500	6,500	6,500	6,500
	<u>41,500</u>	<u>44,000</u>	<u>41,500</u>	<u>44,000</u>

The auditor of the Group is HLB Mann Judd (NSW Partnership).

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>NOTE 4: TRADE AND OTHER RECEIVABLES</b>				
Interest	-	2,596	-	2,596
Goods and services tax	-	-	4,821	6,559
Prepayments	6,903	11,905	-	221
Other receivables	-	10,060	-	10,060
	<u>6,903</u>	<u>24,561</u>	<u>4,821</u>	<u>19,436</u>

### NOTE 5: PROPERTIES HELD

Property held for development (note 6)	8,500,000	10,000,000	-	-
Investment property (note 7)	18,000,000	18,000,000	-	-
	<u>26,500,000</u>	<u>28,000,000</u>	<u>-</u>	<u>-</u>

Name	Notes	Ownership %	Acquisition Date	Acquisition Price	Total Cost including additions	Date of Latest External Valuation	Independent Valuer	Movement since Acquisition	Consolidated Book Value 30 June 2009
Narabang Way, Belrose NSW	6	100%	Apr 2007	\$13.7 million	\$14.4 million	21 Oct 2008	Colliers International	(\$5.9 million)	\$8.5 million
8 Rodborough Rd Frenchs Forest NSW	7	100%	Oct 2007	\$21 million	\$22.4 million	28 June 2007	Landmark White (NSW)	(\$4.4 million)	\$18.0 million

### NOTE 6: PROPERTY, PLANT AND EQUIPMENT

#### Property held for development

#### Gross carrying amount

Opening balance	10,000,000	15,319,452	-	-
Additions	443,363	187,607	-	-
Reversal of retention and asset acquisition fee	-	(1,500,000)	-	-
Impairment of property, plant and equipment	(1,943,363)	(4,007,059)	-	-
	<u>8,500,000</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>

The fair value of the Narabang Way, Belrose NSW property has been determined by Directors as an estimate which has been based on an independent valuation of \$9.5 million obtained on 21 October 2008 from Colliers International and an assessment of movement in property values since that date. In determining the fair value of the property, at 30 June 2009, of \$8,500,000 the Directors have had regard for the potential that the Fund may not hold and develop this property, which was an inherent assumption of the Colliers International valuation of October 2008. The value of \$8.5 million has consideration for a non-distressed sale occurring in circumstances where the parties negotiate an arm's length price. Alternatively, the directors have not excluded the potential to hold and develop the property as a bulky goods site.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>NOTE 7: INVESTMENT PROPERTY</b>				
Investment property	18,000,000	18,000,000	-	-
<b>Gross carrying amount</b>				
Opening balance	18,000,000	-	-	-
Additions	-	22,431,315	-	-
Fair value adjustment	-	(4,431,315)	-	-
Closing balance	18,000,000	18,000,000	-	-

The fair value of the 8 Rodborough Road Frenchs Forest NSW property has been determined by Directors based on the market rental yield expected to be achieved from the property provided by CB Richard Ellis which was based on recent property sales in the area. Based on the range of rental yields for comparable properties in the area the valuation ranges as follows:

Yield	Valuation
8.70%	\$18.0 million
9.00%	\$17.4 million

### NOTE 8: TRADE AND OTHER PAYABLES

#### Current

##### Unsecured:

Trade creditors	39,894	103,549	16,754	17,324
Accruals	117,075	34,650	41,024	33,650
Goods and services tax	38,289	13,886	-	-
	195,258	152,085	57,778	50,974

Payables are non-interest bearing and are normally settled within 30 days.

### NOTE 9: PROVISIONS

#### Non – Current

Provision for deficiency of assets of controlled trust	-	-	2,450,021	2,460,727
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The revaluation of the property at 8 Rodborough Road Frenchs Forest NSW the Frenchs Forest No. 1 Trust has resulted in a deficiency of net assets that will need to be met from the assets of CVC Property Fund.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	2008 \$	The Fund 2009 \$	2008 \$
<b>NOTE 10: INTEREST BEARING LIABILITIES</b>				
<b>Current</b>				
<b>Secured:</b>				
Unrelated entity (a)	-	15,750,000	-	-
Related entities (b)	6,773,871	5,125,444	-	-
	<u>6,773,871</u>	<u>20,875,444</u>	<u>-</u>	<u>-</u>
<b>Non-Current</b>				
<b>Secured:</b>				
Unrelated entity (a)	14,200,000	-	-	-
	<u>14,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Borrowings from the unrelated entity is from National Australia Bank, attracts a rate of interest of BBSY plus 1.2% per annum and is secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest NSW and Narabang Way, Belrose NSW. The terms of the loan include the maintenance of loan valuation ratio of not more than 55% and an interest cover ratio of 1.3 times with the maturity of the facility at 31 October 2010.

(b) Borrowing from related party attracts an interest rate of 10% per annum and is secured by a second ranking mortgage over the property at 8 Rodborough Road Frenchs Forest NSW.

### NOTE 11: UNITHOLDER'S EQUITY

Movements in unitholder's equity were as follows:

Unitholder's equity at the beginning of the financial year	7,977,803	16,826,609	7,977,803	16,826,697
Loss for the year attributable to unitholders	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
Unitholder's equity at the end of the financial year	<u>5,752,046</u>	<u>7,977,803</u>	<u>5,752,046</u>	<u>7,977,803</u>
Number of units on issue at the beginning and end of the financial year	105,648,188	105,648,188	105,648,188	105,648,188
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net tangible asset backing (cents per unit)	5.44	7.55	5.44	7.55

All units on issue were of the one class, namely fully paid ordinary voting units and carry the right to distributions. Each unitholder is entitled to one vote on a show of hands on any matter at a meeting of unitholders. On a poll, each member has one vote for each dollar of the value of the total interests they have in the Fund.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 12: EARNINGS PER UNIT

	Consolidated 2009	2008	The Fund 2009	2008
Basic and diluted earnings per unit (cents per unit)	(2.11)	(8.38)	(2.11)	(8.38)
	2009	2008	2009	2008
	\$	\$	\$	\$
Earnings used in the calculation of basic and diluted earnings per unit	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
Weighted average number of units used in the calculation of basic and diluted earnings per unit	105,648,188	105,648,188	105,648,188	105,648,188

### NOTE 13: NOTES TO THE CASH FLOW STATEMENT

#### (a) Reconciliation of cash and cash equivalents:

For the purposes of the cash flow statement, cash includes cash on hand and in banks, investments in money market instruments net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:

Cash at bank	396,385	962,884	29,236	422,858
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#### (b) Reconciliation of cash flow from operating activities to loss for the period:

Net loss attributable to unitholders	(2,225,757)	(8,848,806)	(2,225,757)	(8,848,894)
<i>Non cash flows loss</i>				
Change in fair value of investment property	-	4,431,315	-	-
Impairment of property, plant and equipment	1,943,363	4,007,059	-	-
Impairment of equity investments	-	-	1,961,422	6,216,675
(Recovery of)/provision for deficiency of assets of controlled trust	-	-	(10,707)	2,460,727
<i>Changes in assets and liabilities</i>				
Decrease/(increase) in trade and other receivables	42,060	74,717	14,616	46,744
Increase/(decrease) in trade and other payables	542,467	21,881	6,804	(58,838)
Net cash provided by/(used in) operating activities	302,133	(313,834)	(253,622)	(183,586)

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 14: FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risk.

The responsibility for operational risk management resides with the Directors of the Responsible Entity which seeks to manage the exposure of the Group. There have been no significant changes in the types of financial risks; or the Group's risk management program (including methods used to measure the risks) since the prior year.

#### (a) Interest rate risk

The Fund and Groups' exposure to interest rate risks of financial assets and liabilities, both recognised and unrecognised at the balance date are as follows:

Consolidated	Note	Floating Interest Rate \$	Fixed Interest		Non Interest Bearing \$	Total \$
			1 Year or Less \$	1 to 5 Years \$		
2009:						
Financial Assets						
Cash and cash equivalents	13	396,385	-	-	-	396,385
Trade and other receivables	4	-	-	-	6,903	6,903
Financial Liabilities						
Trade and other payables	8	-	-	-	195,258	195,258
Interest bearing liabilities	10	14,200,000	6,773,871	-	-	20,973,871
2008:						
Financial Assets						
Cash and cash equivalents	13	962,884	-	-	-	962,884
Trade and other receivables	4	-	-	-	24,561	24,561
Financial Liabilities						
Trade and other payables	8	-	-	-	152,085	152,085
Interest bearing liabilities	10	15,750,000	5,125,444	-	-	20,875,444

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 14: FINANCIAL INSTRUMENTS (Cont.)

#### (a) Interest rate risk (Cont.)

The Fund	Note	Fixed Interest			Non Interest Bearing	Total
		Floating Interest Rate	1 Year or Less	1 to 5 Years		
2009:		\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash and cash equivalents	13	29,236	-	-	-	29,236
Trade and other receivables	4	-	-	-	4,821	4,821
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial Liabilities</b>						
Trade and other payables	8	-	-	-	57,778	57,778
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
2008:						
<b>Financial Assets</b>						
Cash and cash equivalents	13	422,858	-	-	-	422,858
Trade and other receivables	4	-	-	-	19,436	19,436
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial Liabilities</b>						
Trade and other payables	8	-	-	-	50,974	50,974
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Group holds a significant amount of cash balances which is exposed to movements in interest rates. To reduce the risk the Group typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. The Group and Fund's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk section below.

#### Group Sensitivity

At reporting date, if interest rates had been 50 basis points higher (2008: 25 basis points higher/(lower)) and the other variables were held constant, then the impact of the Group would be:

	Increase of 50 bp \$	Increase of 25 bp \$	Decrease of 25 bp \$
2009			
Net loss	(70,860)	-	-
Equity decrease	(70,860)	-	-
2008			
Net loss	-	(25,212)	25,212
Equity decrease	-	(25,212)	25,212

#### Fund Sensitivity

At reporting date, if interest rates had been 50 basis points higher (2008: 25 basis points higher/ (lower)) and the other variables were held constant, then the impact of the Fund would be:

	Increase of 50 bp \$	Increase of 25 bp \$	Decrease of 25 bp \$
2009			
Net profit	831	-	-
Equity increase	831	-	-
2008			
Net profit/(loss)	-	2,534	(2,534)
Equity increase/(decrease)	-	2,534	(2,534)

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 14: FINANCIAL INSTRUMENTS (Cont.)

#### (b) Credit risk

Credit risk refers to the loss that the Group would incur if a debtor or a counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the balance sheet best represent the Group's and Fund's maximum exposure to credit risk at reporting date. The Group seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them.

The Group's only significant concentration of credit risk relates to deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating.

At reporting date there are no overdue trade debtors.

#### (c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash balances to meet commitments and has agreed with CVC Limited that it will continue to provide on-going financial support from CVC Limited to meet commitments that may arise during, as a minimum up to 28 August 2010. The Group has identified a liquidity shortfall and CVC Limited has confirmed that it is willing to extend the facility secured by a second ranking mortgage over the Frenchs Forest property.

The following table details the Group and Fund's contractual maturity for its financial assets and financial liabilities as at 30 June 2009:

#### Consolidated

	Less than 6 months	6 to 12 months	1 to 5 years	Total
		\$	\$	\$
<b>2009</b>				
Trade and other payables	195,258	-	-	195,258
Interest bearing liabilities	-	6,773,871	14,200,000	20,973,871
<b>2008</b>				
Trade and other payables	152,085	-	-	152,085
Interest bearing liabilities	20,875,444	-	-	20,875,444

#### The Fund

	Less than 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$
<b>2009</b>				
Trade and other payables	57,778	-	-	57,778
<b>2008</b>				
Trade and other payables	50,974	-	-	50,974

The Interest Bearing Liability due between 1 to 5 years has a maturity date of 31 October 2010, and the Group has commenced discussion with National Australia Bank and other financial institutions to refinance the loan facility at maturity.

#### (d) Net fair value

The fair values of the financial assets and liabilities of the Group are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

### NOTE 15: SEGMENT REPORTING AND ADDITIONAL INFORMATION

The Group is a listed managed investment scheme, operating in Australia. There are no employees of the Group.

The Group operates predominantly in one industry being property investment and development and in one geographical location being Australia.



# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 16: RELATED PARTY DISCLOSURE

#### (a) Key management personnel

The names of the key management personnel of the Fund during the financial year were:

- Vanda Russell Gould (Chairman and Executive Director) – appointed 28 April 2009
- Alexander Damien Beard (Executive Director)
- Kim Warren McGrath (Non-Executive Director)
- John Tak Ching Lau (Non-Executive Director) – appointed 28 April 2009
- Geoffrey Pattison Leaver (Chairman and Executive Director) – resigned 28 April 2009

The positions noted above for the Fund's key management personnel are the positions held within the Responsible Entity and not the Fund itself.

#### (b) Compensation of key management personnel

No amounts were paid by the Fund directly to key management personnel. The table below discloses the remuneration received by key management personnel from the Responsible Entity and related parties. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries. No share-based compensation or other benefits except as disclosed are granted to Directors.

		Short-term employee benefits		Post - employ't benefits	Equity Based	Other (c)	
		Base Salary	STI Fees Bonus	Superannuation			
Vanda R. Gould(a)	2009	33,333	-	-	-	-	33,333
	2008	-	-	-	-	-	-
Geoffrey P. Leaver(b)	2009	4,000	-	12,132	-	1,232	17,364
	2008	180,000	65,000	4,320	6,181	2,240	257,741
Alexander D. Beard(b)	2009	220,183	50,000	19,816	-	2,506	292,505
	2008	201,835	100,000	18,165	12,362	3,000	335,362
Kim W. McGrath	2009	24,000	-	2,160	-	-	26,160
	2008	24,000	-	2,160	-	-	26,160
John T. K. Lau	2009	1,667	-	150	-	-	1,817
	2008	-	-	-	-	-	-
Benjamin McCarthy(d)	2009	-	-	-	-	-	-
	2008	240,895	-	13,751	425,815	4,759	685,220
Bruce Baker(d)	2009	-	-	-	-	-	-
	2008	244,183	25,464	10,470	-	4,805	284,922
Total	2009	283,183	50,000	34,258	-	3,738	371,179
	2008	890,913	190,464	24,645	444,358	5,240	819,263

- (a) Mr Gould is a Director of CVC Limited, a shareholder of the Responsible Entity. Messrs Gould is not remunerated by the Responsible Entity. The amount disclosed is the remuneration paid by CVC Limited for the period that Messrs Gould has been a Director of the Responsible Entity, as this can not be apportioned between his responsibilities as Director of the Responsible Entity and other unrelated duties.
- (b) Messrs Leaver and Beard are employees of CVC Managers Pty Limited, a subsidiary of CVC Limited. Messrs Leaver and Beard are not remunerated by the Responsible Entity. The amount disclosed is for the financial year and represents the total remuneration paid by CVC Managers Pty Limited as this can not be apportioned between their responsibilities as Director of the Responsible Entity and other unrelated duties.
- (c) No other long-term employee benefits, termination benefits or share based payment have been received by key management personnel.
- (d) Messrs McCarthy and Baker are employees of Trinity Funds Management Limited, a shareholder of the Responsible Entity. Messrs McCarthy and Baker were not remunerated by the Responsible Entity. The amount disclosed is for the financial year and represents the total remuneration paid by Trinity Funds Management Limited as this can not be apportioned between their responsibilities as Director of the Responsible Entity and other unrelated duties.

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 16: RELATED PARTY DISCLOSURE (Cont.)

#### (c) Holdings of units by key management personnel and their related parties.

	Units held at 1 July 2008 No.	Movement in units held during year No.	Units held at 30 June 2009 No.
Vanda R. Gould	4,687,500	-	4,687,500
Alexander D. Beard	1,250,000	-	1,250,000
	<u>1,250,000</u>	<u>-</u>	<u>5,937,500</u>

#### (d) Responsible Entity, Manager and Custodian

The Responsible Entity of the Group is CVC Property Managers Limited ABN 72 066 092 028, AFSL 229 809.

CVC Property Managers Limited also acts as manager of the Group and Trust Company Australia Limited is the custodian.

#### (e) Holdings of units by Responsible Entity and its Associates

The Responsible Entity does not hold, and has not held units in the Group. On 30 September 2008 CVC Limited (ASX: CVC) acquired the remaining 50% interest in the Responsible Entity held by Trinity Limited. The interests in the units issued by the Fund to related entities of the Responsible Entity during the financial are as follows

	Units held at 1 July 2008 No.	Movement in units held during year No.	Units held at 30 June 2009 No.
CVC Limited and its subsidiaries	39,933,512	15,625,000	55,558,512
Trinity Group	15,625,000	(15,625,000)	-
	<u>55,558,512</u>	<u>-</u>	<u>55,558,512</u>

#### (f) Loans to key management personnel

No loans were made by the Group to key management personnel or other related parties.

#### (g) Transactions with related parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

- (i) Management fees of \$185,350 (2008: \$207,258) were paid to CVC Property Managers Limited of which \$16,802 (2008: \$17,324) was included in trade creditors at year end;
- (ii) The Directors of the Responsible Entity named in the foregoing Directors' Report each held office as a Director of the Responsible Entity throughout the year ended 30 June 2009 unless stated otherwise;
- (iii) Custodian fees of \$15,742 (2008: \$15,031) were paid to Trust Company Australia Limited as Custodian of the Fund of which \$11,674 is included in accruals at year end;
- (iv) On 28 September 2007, Trinity Limited provided a loan of \$2,500,000 to Frenchs Forest No. 1 Trust. On 30 September 2008 the loan was acquired by CVC Limited.
- (v) CVC Limited provided a loan of \$5,000,000 to Frenchs Forest No. 1 Trust including the \$2,500,000 acquired from Trinity Limited referred in note (iv) above. Interest on the loan is payable monthly at an interest rate of 10%. On 27 November 2008 CVC Limited provided an additional \$1,050,000. Total interest accrued for the year ended 30 June 2009 amounted to \$596,190 (2008: \$187,589). The balance of the outstanding loan plus unpaid interest at 30 June 2009 amounts to \$6,773,871 (2008: \$2,562,722).

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 17: EVENTS SUBSEQUENT TO YEAR END

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years

### NOTE 18: FINANCIAL ASSETS

	Consolidated 2009	2008	The Fund 2009	2008
Unlisted controlled entities – at cost	-	-	8,207,901	10,029,323

#### (a) Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Interest Held by Consolidated Entity	
	2009	2008
	%	%
<b>CVC Property Fund</b>		
Belrose Unit Trust No. 1	100	100
Belrose Unit Trust No. 2	100	100
Belrose Unit Trust No. 3	100	100
Frenchs Forest No. 1 Trust	100	100
Lauden CVC Property Trust	100	100

# **CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES**

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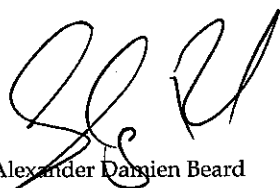
## **DIRECTORS' DECLARATION**

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes of the Fund and of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Fund's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Alexander Damien Beard  
Director

CVC Property Managers Limited  
28 August 2009

# CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

## INDEPENDENT AUDIT REPORT

To the Unitholders of CVC Property Fund

We have audited the accompanying financial report for both CVC Property Fund ("the Fund") and the group comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year, which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, as set out on pages 6 to 24.

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

The directors of CVC Property Managers Limited, the responsible entity of the Fund, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In note 1 the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

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

### *Independence*

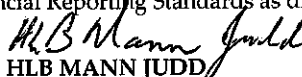

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Property Managers Limited on 28 August 2009, would be in the same terms if provided to the directors as at the time of this auditors' report.

### *Auditors' Opinion*

In our opinion:

- (a) the financial report of CVC Property Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Sydney  
28 August 2009

  
HLB MANN JUDD  
(NSW Partnership)  
Chartered Accountants  
  
P B Meade  
Partner

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