

THE TEYS INCOME BUILDER
(FORMERLY HERITAGE NATIONAL MORTGAGE TRUST)

A.R.S.N. 110 052 429

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

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THE TEYS INCOME BUILDER
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A.R.S.N. 110 052 429

LIQUIDATOR OF THE RESPONSIBLE ENTITY'S REPORT

The Liquidator of TPFL Limited ("TPFL"), the responsible entity of The Tey's Income Builder ("the Trust"), presents his report for the financial year ended 30 June, 2015.

The financial report has been prepared on a wind-up basis. Under the wind-up basis, adjustments are made to reduce the balance sheet values to their estimated net realisable value.

Directors/Liquidator: The names of the Directors and Liquidator of the responsible entity in office at any time during or since the end of the year are:

| | |
|-------------------------------|--------------------------|
| Michael John Tey's - Director | Appointed 19 June, 2003 |
| Adam Shepard - Liquidator | Appointed 20 April, 2010 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Since the appointment of the Administrator and thereafter the Liquidator of TPFL, the director's powers over TPFL and subsequently, the schemes of TPFL inclusive of the Trust have ceased and are now vested under the care of the appointed Liquidator of TPFL pursuant to the *Corporations Act 2001*.

No fees were paid to the Directors of the responsible entity from the Trust as at the signing of this report.

Principal Activity: The principal activity of the Trust during the financial year was that of a lender of first registered mortgages in a variety of property related products, conducted primarily in Australia.

No significant change in the nature of these activities occurred during the year.

Review of Operations: The Trust is no longer accepting new applications since 7 November, 2007 and subsequent to the appointment of the Liquidator of TPFL, units in the Trust are no longer redeemable at the unitholders' option.

The Trust is now undertaking the process of recouping all of its loan investments and returning investors capital in order to wind up the scheme. All of the Trust's loan investments have fallen into default both before and after the balance sheet date of these financial statements. Several detailed updates on the position of each loan investment has been released by the Liquidator subsequent to his appointment date and copies of all updates pertaining to the Trust can be viewed on his website at farnsworthshepard.com.au.

A summary of the recoverable amounts of loan investments has been conducted by the Liquidator as at the signing of this report, as follows:

| | |
|--|-------------|
| Dalesun Holdings Pty Limited (Property: Lady Brand Retirement Village) | \$2,720,000 |
| Creeksound Pty Limited (Property: Terranora) | \$3,073,424 |
| Habitat Homes Pty Limited (Property: Braidwood) | \$1,451,751 |

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LIQUIDATOR OF THE RESPONSIBLE ENTITY'S REPORT

Events Subsequent to the End of the Reporting Period:

Australian Financial Service Licence

At the time of the appointment of the Liquidator TPFL held an Australian Financial Services Licence (AFS Number 234977) and was the responsible entity for a number of managed schemes, inclusive of The Tey's Income Builder. By letter dated 22 March, 2010 the Australian Securities and Investments Commission ("ASIC") served notice cancelling the AFS licence. Nevertheless, ASIC has advised that the licence continues in effect as though the cancellation had not happened until 30 September, 2010 to allow the provision of services that are reasonably necessary for or incidental to the winding up of the schemes. ASIC granted a further extension of the licence until 30 June, 2017 to facilitate TPFL to wind up the affairs of The Tey's Income Builder and other managed investment schemes which TPFL is responsible for.

Deed of Settlement and Release with RFA Management Limited

RFA Management Limited ("RFA") and a number of other associated entities (collectively "the RFA Group") are involved in a number of transactions concerning the Trust, including the projects at Terranora and Burleigh Heads. Numerous unresolved claims prior to the Liquidator's appointment involving RFA Group, TPFL and the Trust are further discussed hereunder.

Subsequent to the Liquidator's appointment, by Deed of Settlement and Release executed on 25 March, 2015, numerous claims were settled between TPFL, the Trust and RFA Group. The agreed one-off settlement to be paid by the Trust in full settlement of any and all claims made against TPFL and the Trust as well as RFA Group to relinquish any interest in the Braidwood and Burleigh Heads developments is \$275,000. The final instalment of the settlement was paid on 4 July, 2011.

Background of settlement to RFA of \$275,000

Prior to the appointment of the Liquidator of TPFL, some negotiations are held between TPFL and RFA to settle RFA claims hereunder, however some were not finalised. Therefore, since the Liquidator's appointment, RFA's solicitors had informed the Liquidator of RFA's total claims of \$910,000 in relation to various transactions between RFA Group, TPFL and the Trust.

The claims as per RFA's solicitor's letter dated 3 May, 2010 were in respect to:

- "(a) the said amount of \$300,000 so applied by TPFL to partially repay a loan from the Trust to Queensland Projects Pty Limited;
- (b) \$500,000 in respect of the said brokerage, commissions, promotional costs, TPFL fees, consultancy fees, and professional indemnity insurance, in respect of the Trust so assumed to be responsible for payment, and so paid, by RFA; and
- (c) \$110,000 in respect of the said management fee so improperly and excessively charged by the Trust to the Helidon Developer."

Subsequent to the appointment of the Liquidator of TPFL, a review of the above claims was conducted. The Liquidator of TPFL noted that the above claims are either unclear due to lack of supporting documentations or may likely give rise to RFA Group having a restitution directly against the Trust and TPFL.

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LIQUIDATOR OF THE RESPONSIBLE ENTITY'S REPORT

Right of Indemnification Claim by RFA Management Limited ("RFA")

As the previous mortgage manager of the Trust, RFA agreed that it would pay to the Trust any deficiency between the net income of the Trust and the distributions paid by the Trust in each year. This agreement also provides that RFA will be paid by the Trust an amount equal to any surplus of the Trust's net income in excess of its distributions in each financial year.

As at 30 June, 2008 the Trust no longer accrued a right to indemnification receivables from RFA as the Management reasonably believes that same amount is not realisable.

Therefore, impairment for the amount of \$2,992,280 has been recorded in the Trust financial statements as at 30 June, 2015.

Lady Brand Retirement Village

On 3 December, 2010 voluntary administrators were appointed over Dalesun and subsequent to the meeting of creditors held on 21 March, 2011 a Deed of Company Arrangement had been executed on 8 April, 2011 pursuant to the resolutions by Dalesun's creditors. The deed will provide the Trust with receivables of \$9,000,000 from the sale of Lady Brand Retirement Village. On 13 June, 2011 first settlement payment of \$5,000,000 was received from Dalesun with final settlement of \$4,000,000 due to be paid within 5 years from that date. The final settlement was to be paid in instalments of \$80,000 payable each time Dalesun sells one of the independent living units ("ILU's") constructed on the site. As at 30 June, 2015 sixteen (16) ILU's had been sold, after which a Deed of Settlement was signed on 31 May, 2016 for the remainder of the loan. The remainder of \$2,720,000 was received in June 2016.

At 30 June, 2015 an amount of \$2,720,000 is recognised as carrying value for loan receivables from Dalesun.

Terranora

Heritage National Limited ("HNL") has a joint venture with the borrower, Creeksound and HNL is also a co-lender to Creeksound. Therefore, both the Trust and HNL are co-mortgagees over the property.

Subsequent to the appointment of the Liquidator of TPFL a winding up order was lodged against Creeksound by the Queensland Office of State Revenue in relation to land tax arrears. Voluntary administrators were appointed on 25 June, 2010 over Creeksound. A Deed of Company Arrangement has been executed on 20 August, 2010 pursuant to the resolutions by Creeksound's creditors in the creditors meeting held on 30 July, 2010.

In order to secure a first mortgage position with significant control over the property at Terranora the Liquidator of TPFL has executed the Terranora Workout Deed on behalf of the Trust with Creeksound and HNL on 25 March, 2011. The Trust has advanced approximately \$500,000 for Creeksound to proceed with obtaining development approval which will increase property value. However, Creeksound failed to obtain same and agents of MIP were appointed to sell the property.

During the 2015 financial year \$360,000 was received as a deposit on sale however this amount was forfeited when settlement was not completed by the agreed date of 31 July, 2015. The property was put back on the market and settled on 9 June, 2016 for \$3,200,000 less related selling costs. The final net settlement proceeds of \$3,073,424 are to be recognised as an asset.

At 30 June, 2015 an amount of \$3,073,424 is recognised as carrying value for loan receivables from Creeksound

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LIQUIDATOR OF THE RESPONSIBLE ENTITY'S REPORT

Braidwood

The loan made by the Trust to Habitat Homes Pty Limited ("Habitat") is for the construction of the Retirement Village. The Trust had stopped funding for this development due to lack of funds. HNL continued to fund various costs for the development by advancing the amount of \$565,000 to the Trust and took a second mortgage over the secured property to secure this loan (as detailed above).

Subsequent to the Liquidators' appointment several attempts to obtain refinancing were rejected by third party financial institutions.

On 11 April, 2015 a Deed of Settlement and Option was executed between the Trust and related entities of the borrower for the purchase of the Braidwood property. The Deed provides for related entities of the borrower a twelve (12) month option to purchase Braidwood for \$1,400,000. The option price includes forgiveness of all outstanding amounts owing to the borrower (Peter Wallace) in relation to Braidwood, being principal of \$300,000 plus interest.

At 30 June, 2015 the Braidwood property is being recognised in the accounts based on the net proceeds received upon settlement in August 2016 of \$1,451,751. Settlement of this property included full forgiveness of the amounts owing to Peter Wallace.

Windang

The Liquidator of TPFL is also the appointed receiver and manager of the borrower Colys since 10 July, 2008. Subsequently on 22 September, 2010 an official Liquidator was appointed over Colys.

After several attempts to sell the property via auction a contract for sale was signed on 31 July, 2014. The amount of \$730,030 was received in September 2014 being the sale price less related costs.

Return of Capital

A return of capital of 2 cents per unit held was made to investors on 2 October, 2014.

Since 30 June, 2015 a further return of capital of 13 cents per unit held has been made to investors of the Trust.

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LIQUIDATOR OF THE RESPONSIBLE ENTITY'S REPORT

Responsible entity of the Trust: As previously disclosed TPFL, the responsible entity of the Trust, was placed in Administration on 5 March, 2010 and Adam Shepard was the appointed Voluntary Administrator. TPFL was subsequently placed into liquidation on 20 April, 2010 and Adam Shepard is the appointed Liquidator of TPFL.

Significant Changes in State of Affairs: No significant changes in the company's state of affairs occurred during the financial year.

Future Developments: The Trust is now undertaking the process of recouping all of its loan investments and returning investors capital in order to wind up the scheme. All of the Trust's loan investments have fallen into default both before and after the balance sheet date of these financial statements. Several detailed updates on the position of each loan investment has been released by the Liquidator subsequent to his appointment date and copies of all updates pertaining to the Trust can be viewed on his website at farnsworthshepard.com.au.

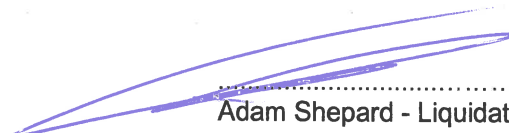
Environmental Regulations: The Liquidator of TPFL is not aware if the Trust is subject to any environmental regulations.

Options: No options were granted to any related party, directors or Liquidator of TPFL as at the signing date of this report.

Indemnification of Officers: No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer, Liquidator or auditor of the Trust.

Auditor's Independence Declaration: A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

SIGNED for and on behalf of TPFL Limited (in Liquidation) as the responsible entity of the Trust by its Liquidator:


Adam Shepard - Liquidator

DATED this 29 day of NOVEMBER, 2016.

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 370C
OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June, 2015 there have been no contraventions of:

- a. the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. any applicable code of professional conduct in relation to the audit.

GPL PARTNERS
Chartered Accountants



Steven J. Lynch
Partner

732 Forest Road,
Peakhurst N.S.W.

DATED this 5 day of DECEMBER, 2016.

THE TEYS INCOME BUILDER
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BALANCE SHEET AS AT 30 JUNE, 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash | 4 | 114,591 | 276,209 |
| Trade and Other Receivables | 5 | <u>7,251,953</u> | <u>8,901,366</u> |
| TOTAL CURRENT ASSETS | | <u>7,366,544</u> | <u>9,177,575</u> |
| TOTAL ASSETS | | <u>7,366,544</u> | <u>9,177,575</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 6 | <u>378,127</u> | <u>1,011,430</u> |
| TOTAL CURRENT LIABILITIES | | <u>378,127</u> | <u>1,011,430</u> |
| TOTAL LIABILITIES | | <u>378,127</u> | <u>1,011,430</u> |
| <u>NET ASSETS</u> | | <u>6,988,417</u> | <u>8,166,145</u> |
| EQUITY | | | |
| Net Assets Attributable to Unitholders | 7 | <u>6,988,417</u> | <u>8,166,145</u> |
| <u>TOTAL EQUITY</u> | | <u>6,988,417</u> | <u>8,166,145</u> |

The accompanying notes form part of these financial statements

THE TEYS INCOME BUILDER
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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE, 2015

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| INCOME | | |
| Interest received | 5,070 | 6,184 |
| TOTAL INCOME | <u>5,070</u> | <u>6,184</u> |
| LESS: OPERATING EXPENSES | | |
| Administration expenses | 189,877 | 180,821 |
| Provision for impairment | 226,510 | 292,464 |
| TOTAL OPERATING EXPENSES | <u>416,387</u> | <u>473,285</u> |
| <u>LOSS ATTRIBUTABLE TO UNITHOLDERS</u> | <u>(411,317)</u> | <u>(467,101)</u> |

The accompanying notes form part of these financial statements

THE TEYS INCOME BUILDER
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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2015

| | 2015 \$ | 2014 \$ |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers | (312,342) | (220,579) |
| Interest received | 5,070 | 6,184 |
| Interest paid | (56,910) | (67,718) |
| Net cash provided by operating activities | <u>(364,182)</u> | <u>(282,113)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loan repayments received | 1,650,030 | 480,000 |
| Payments made on behalf of loans receivable | (216,630) | (109,922) |
| Distributions paid to unitholders | (766,411) | - |
| Loans repaid | (464,425) | - |
| Net cash used in financing activities | <u>202,564</u> | <u>370,078</u> |
| Net increase/(decrease) in cash held | (161,618) | 87,965 |
| Cash at the beginning of the financial year | <u>276,209</u> | <u>188,244</u> |
| <u>CASH AT THE END OF THE FINANCIAL YEAR</u> | <u><u>114,591</u></u> | <u><u>276,209</u></u> |

The accompanying notes form part of these financial statements

THE TEYS INCOME BUILDER
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of The Tey's Income Builder ("the Trust") as an individual entity. The Tey's Income Builder is an unlisted managed investment scheme registered under the *Corporations Act 2001*, established and domiciled in Australia. TPFL Limited (in Liquidation), which is the responsible entity of the Trust, is a public company incorporated under the *Corporations Act 2001*.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ("AASB").

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Wind-Up Basis of Preparation

The financial report has been prepared on a wind-up basis. Under the wind-up basis adjustments are made to reduce the balance sheet values to their estimated net realisable value.

The continued ability of the Trust to be able to pay its debts as and when they become due and payable will depend on the continued support of the responsible entity and the Trust's ability to continue to manage the orderly realisation of its assets.

The financial report has been approved for release by the Liquidator of the responsible entity, TPFL Limited (In Liquidation) ("TPFL").

Accounting Policies

(a) Income Tax

Under current tax legislation the Trust is not liable to pay any income tax as unitholders are presently entitled to the income of the Scheme and income of the Scheme is fully distributable to unitholders.

(b) Distributions

In accordance with the Trust's Constitution the Trust fully distributes its distributable (taxable) income and/or capital to unitholders by cash or reinvestment.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Trust commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs. Fair value is determined based on current bid prices for all quoted instruments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-Derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

(d) Impairment of Assets

The Liquidator of TPFL, responsible entity of the Trust, will assess and review the Trust's tangible assets to determine its estimated realisable value. Any excess of the asset's carrying value in the Balance Sheet over the estimated realisable value is expensed to the Income Statement.

THE TEYS INCOME BUILDER
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(e) Net Assets Attributable to Unitholders

Subsequent to the Liquidator of TPFL's appointment, units in the Trust are no longer redeemable at the unitholders' option.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown as short term borrowings in current liabilities in the balance sheet.

(g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenues are recognised when the rights to receive them have been established. All revenue is stated net of the amount of Goods and Services Tax.

(h) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at balance date. In addition, recognised payables as a result of subsequent events after the balance sheet date are also included in this report.

(i) Finance Cost

Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

(k) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Critical Accounting Estimates and Judgements

The Liquidator of TPFL evaluates estimates and judgements incorporated into the financial report based on best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

| | | 2015 \$ | 2014 \$ |
|--------|--|----------------|----------------|
| NOTE 2 | OPERATING REVENUE | | |
| | Interest received | <u>5,070</u> | <u>6,184</u> |
| NOTE 3 | AUDITORS REMUNERATION | | |
| | Remuneration of the auditor for: | | |
| | - auditing or reviewing the financial report | 12,000 | 12,000 |
| | - compliance services | <u>3,000</u> | <u>4,000</u> |
| | | <u>15,000</u> | <u>16,000</u> |
| NOTE 4 | CASH AND CASH EQUIVALENTS | | |
| | Cash at bank | <u>114,591</u> | <u>276,209</u> |

THE TEYS INCOME BUILDER
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| | \$ | \$ |
| NOTE 5 | | |
| TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Loan receivables | 17,835,637 | 21,860,511 |
| Less allowance for impairment | <u>(10,590,462)</u> | <u>(12,965,306)</u> |
| Net recoverable amounts of loan receivables (see below) | 7,245,175 | 8,895,205 |
| Other debtors and prepayments | <u>6,778</u> | <u>6,161</u> |
| | <u>7,251,953</u> | <u>8,901,366</u> |
| Net recoverable amounts of loan receivables: | | |
| - Habitat Homes Pty Limited | 1,451,751 | 1,451,751 |
| - Colys Holdings Pty Limited | - | 730,030 |
| - Dalesun Holdings Pty Limited | 2,720,000 | 3,280,000 |
| - Creeksound Pty Limited | <u>3,073,424</u> | <u>3,433,424</u> |
| | <u>7,245,175</u> | <u>8,895,205</u> |
| Refer to Liquidator's Report for full disclosure of loan receivables. | | |
| NOTE 6 | | |
| TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade creditors and accruals | 118,247 | 297,005 |
| Loan - Bayrac Investment Trust | <u>259,880</u> | <u>714,425</u> |
| | <u>378,127</u> | <u>1,011,430</u> |

THE TEYS INCOME BUILDER
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

NOTE 7 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movement in number of units and unitholders' funds during the year were as follows:

| | Units No. | Net Assets \$ |
|-------------------------------|--------------|------------------|
| Balance at 1 July 2014 | 38,320,521 | 8,166,145 |
| Loss from ordinary activities | - | (411,317) |
| Distributions paid | - | (766,411) |
| | <hr/> | <hr/> |
| Balance at 30 June 2015 | 38,320,521 | 6,988,417 |
| | <hr/> | <hr/> |

| | |
|------|------|
| 2015 | 2014 |
| \$ | \$ |

NOTE 8 CASH FLOW INFORMATION

Reconciliation of net cash provided by operating activities to loss attributable to unitholders;

| | | |
|---|-----------|-----------|
| Loss attributable to unitholders | (411,317) | (467,101) |
| Add/(less): | | |
| - Impairment of loan receivables | 226,510 | 292,464 |
| Changes in assets and liabilities: | | |
| - (Increase)/Decrease in trade and other receivables | (617) | - |
| - Increase/(Decrease) in trade creditors and accruals | (178,758) | (107,476) |
| | <hr/> | <hr/> |
| | (364,182) | (282,113) |
| | <hr/> | <hr/> |

THE TEYS INCOME BUILDER
(FORMERLY HERITAGE NATIONAL MORTGAGE TRUST)

A.R.S.N. 110 052 429

LIQUIDATOR OF THE RESPONSIBLE ENTITY'S DECLARATION

The Liquidator of TPFL Limited, the responsible entity of The Tey's Income Builder, declares that:

1. The financial statements and notes, as set out on pages 1 to 15, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June, 2015 and of the performance for the year ended on that date of the Scheme.
2. The financial statements have been prepared on a wind-up basis. Under the wind-up basis Adjustments are made to reduce the balance sheet values to their estimated realisable value.
3. The Liquidator of the responsible entity believes it is in the best interest of unitholders to continue the orderly winding up of the Trust. There is continuous market volatility as well as illiquidity factors impacting the Trust's ability to realise its investments. The continued ability of the Trust to be able to pay its debts as and when they become due and payable will depend on the Trust's ability to continue to manage the orderly realisation of its assets.
4. The Trust has operated during the year ended 30 June, 2015 in accordance with the provisions of the Trust's constitution.


.....
Adam Shepard - Liquidator

DATED this 29 day of NOVEMBER, 2016.

THE TEYS INCOME BUILDER
(FORMERLY HERITAGE NATIONAL MORTGAGE TRUST)

A.R.S.N. 110 052 429

INDEPENDENT AUDIT REPORT

We have audited the accompanying financial report of The Tey's Income Builder ("the Trust") which comprises the balance sheet as at 30 June, 2015, the income statement and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the Liquidator for the Responsible Entity of the Trust's declaration.

Liquidators' Responsibility for the Financial Report

The Liquidator of the Responsible Entity of the Trust is 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 control as the liquidator determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 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 judgement, including the assessment of 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 Trust'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 company'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.

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*.

THE TEYS INCOME BUILDER
(FORMERLY HERITAGE NATIONAL MORTGAGE TRUST)

A.R.S.N. 110 052 429

INDEPENDENT AUDIT REPORT

Opinion

In our opinion the financial report of The Tey's Income Builder is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Trust's financial position as at 30 June, 2015 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

GPL PARTNERS
Chartered Accountants



Steven J. Lynch
Partner

732 Forest Road,
Peakhurst N.S.W.

DATED this 5 day of DECEMBER, 2016.