



# **IFM International Private Equity Fund I**

**ABN: 27 876 336 538**

## **Special Purpose Financial report**

**for the year ended 30 June 2021**



**IFM International Private Equity Fund I**

**Special purpose financial report  
for the year ended 30 June 2021**

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## IFM International Private Equity Fund I

### Trustee's report

for the year ended 30 June 2021

The directors of Industry Funds Investments Ltd (ABN 17 006 883 227) ("the Trustee") submit herewith the annual financial report of IFM International Private Equity Fund I ("the Fund") for the financial year ended 30 June 2021. The Trustee was appointed effective 1 July 2021, replacing IFM Investors (Nominees) Limited (ABN 56 003 969 891).

### Directors

The directors of the Trustees in office during or since the end of the financial year are:

Directors of IFM Investors (Nominees) Limited (Trustee of the fund from 1 July 2020 until 30 June 2021)	Directors of Industry Funds Investments Limited (Trustee of the fund effective 1 July 2021)
Greg Combet AM Michael Migro Deborah Kiers Carol Gray John Denton AO Alison Larsson Grant Dempsey Cath Bowtell Theresa Whitmarsh (appointed 1 June 2021)	Michael Migro Linda Rubinstein David Issa Clothilde Shorten Felicity Pantelidis

### Principal activities

The principal activity during the year for the Fund was the investment of unitholders' funds in line with the investment mandate. There have been no significant changes in the nature of this activity during the year.

### Review of operations

The results of the operations of the Fund are disclosed in the Statement of profit or loss and other comprehensive income of these financial statements. The profit after tax attributable to unitholders for the year ended 30 June 2021 was \$2,442,051 (2020: loss \$351,061).

The COVID-19 pandemic and associated market volatility, Government restrictions and widespread economic effects continued to impact the performance of the Fund during the year. The Fund held elevated levels of cash during the year, which helped to mitigate the impact of COVID-19 on the Fund's performance. Uncertainty remains regarding the pandemic's future duration and spread, related restrictions, and how the pandemic will continue to impact the global economy and the future performance of our underlying fund investments.

### Changes in the state of affairs

There have been no significant changes in the state of the Fund's affairs during the financial year.

### Significant events after the balance date

Industry Funds Investments Limited was appointed as the new Trustee, replacing IFM Investors (Nominees) Limited, effective 1 July 2021. Accordingly, Industry Funds Investments Limited is responsible for the preparation of the financial report in accordance with the basis of preparation described in Note 2 to the financial statements, and for such internal control as necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Other than the above, since 30 June 2021 there have been no matters or circumstances not otherwise dealt with in the financial statements that have significantly affected or may significantly affect the Fund.

## IFM International Private Equity Fund I

### Trustee's report

for the year ended 30 June 2021

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#### Future developments

Subsequent to year end, the Trustee received a proposal from the Manager to cancel a portion of undrawn unitholder commitments in the Fund. The Trustee is currently reviewing the proposal, but at the date of signing these financial statements, it had not yet formally approved the cancellation. The proposed cancellation will not reduce the Fund's ability to meet its financial obligations as and when they become due. The Fund will continue to be managed in accordance with its investment mandate.

#### Fund information in the directors' report

Following is a list of relevant information:

- Interests in the Fund issued during the year - refer to note 8 within the financial statements;
- Withdrawals from the Fund during the year - refer to note 8 within the financial statements; and
- The value of Fund assets and basis of valuation - refer to Statement of financial position and note 2 respectively.

#### Indemnification and insurance of directors and officers and auditors

During the financial year, the Trustee paid a premium in respect of a contract insuring the directors of Industry Funds Investments Limited against a liability incurred as a director, to the extent permitted by the *Corporations Act 2001*. The premium paid/payable by the Trustee was paid on a pro-rata basis. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Trustee has not otherwise during or since the financial year, except to the extent permitted by the law, indemnified or agreed to indemnify an officer or auditor of the Trustee or any related body corporate against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of the directors:



Director

Melbourne  
27 September 2021

## IFM International Private Equity Fund I (ABN 27 876 336 538)

### Report by the RSE Auditor to the trustee

#### *Opinion*

We have audited the financial statements of IFM International Private Equity Fund I (the "RSE") for the year ended 30 June 2021 as set out on pages 8 to 21.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of IFM International Private Equity Fund I as at 30 June 2021 and the results of its operations, cash flows, changes in equity/reserves and changes in unitholders' benefits for the year ended 30 June 2021.

#### *Basis for Opinion*

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Responsibilities of the trustee for the Financial Statements*

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a

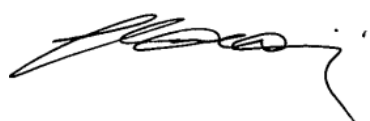
material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Chester Hii

Partner

Chartered Accountants

Melbourne, 27 September 2021

## IFM International Private Equity Fund I

### Trustee's declaration

for the year ended 30 June 2021

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As detailed in note 2 to the financial statements, IFM International Private Equity Fund I ("the Fund") is not a reporting entity. This is because, in the opinion of the directors of Industry Funds Investments Limited as trustee of the Fund, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy all of their information needs. Accordingly, this Special Purpose Financial Report has been prepared to satisfy the trustee directors' reporting requirements under the Trust Deed dated 6 June 2000 (as amended).

In accordance with a resolution of the Trustee, we state that in the opinion of the directors of Industry Funds Investments Limited as the trustee of IFM International Private Equity Fund I ("the Fund"):

- (a) the accompanying financial statements set out on pages 8 to 21 are properly drawn up so as to present fairly the state of affairs of the Fund as at 30 June 2021, and of the results of its operations and cashflows for the year then ended in accordance with the Trust Deed dated 6 June 2000 (as amended), Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) there are reasonable grounds to believe that the Fund shall pay its debts as and when they fall due;
- (c) the operation of the Fund has been conducted in accordance with its constituent Trust Deed dated 6 June 2000 (as amended); and
- (d) the register of unitholders has, during the year ended 30 June 2021, been properly drawn up so as to give a true account of the unitholders of the Fund.

Signed in accordance with a resolution of the board of directors of Industry Funds Investments Limited ABN 17 006 883 227.



Director

Melbourne  
27 September 2021

## IFM International Private Equity Fund I

### Statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
<b>Income</b>			
Interest		34,537	105,975
Distributions and dividends		5,659	919,595
Change in fair value of investments	5(b)	947,479	(1,083,869)
Net foreign exchange (loss)/gain		(537,032)	35,675
<b>Total income</b>		<b>450,643</b>	<b>(22,624)</b>
<b>Expenses</b>			
Legal fees		-	1,944
Auditors' remuneration	3	187,083	164,968
Other expenses		5,695	16,794
<b>Total expenses</b>		<b>192,778</b>	<b>183,706</b>
<b>Profit/(loss) before tax attributable to unitholders</b>		<b>257,865</b>	<b>(206,330)</b>
Income tax (benefit)/expense		(2,184,186)	144,731
<b>Profit/(loss) after tax attributable to unitholders</b>		<b>2,442,051</b>	<b>(351,061)</b>
<b>Finance costs attributable to unitholders</b>			
Change in net assets attributable to unitholders		(2,442,051)	351,061
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income attributable to unitholders</b>		<b>-</b>	<b>-</b>

Notes to the financial statements have been included in the accompanying pages.



## IFM International Private Equity Fund I

### Statement of financial position

as at 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
<b>Assets</b>			
Cash and cash equivalents	11(a)	16,241,438	20,607,632
Receivables	6	8,531	10,037
Unlisted equity and managed investment schemes	5(a)	5,885,979	5,071,544
Current income tax receivable		682,838	10,041
Deferred tax assets	4	16,220	17,056
<b>Total assets</b>		<b>22,835,006</b>	<b>25,716,310</b>
<b>Liabilities (excluding liabilities attributable to unitholders)</b>			
Payables	7	104,612	107,403
<b>Total liabilities (excluding liabilities attributable to unitholders)</b>		<b>104,612</b>	<b>107,403</b>
<b>Net assets attributable to unitholders</b>	8	<b>22,730,394</b>	<b>25,608,907</b>
<b>Liabilities attributable to unitholders</b>		(22,730,394)	(25,608,907)
<b>Net assets</b>		<b>-</b>	<b>-</b>

Notes to the financial statements have been included in the accompanying pages.



**IFM International Private Equity Fund I**

**Statement of changes in equity  
for the year ended 30 June 2021**

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	<b>Total \$</b>
<b>Balance at 1 July 2019</b>	-
Profit for the year	-
Other comprehensive income for the year	-
<b>Balance at 30 June 2020</b>	-
Profit/(Loss) for the year	-
Other comprehensive income for the year	-
<b>Balance at 30 June 2021</b>	-

Notes to the financial statements have been included in the accompanying pages.

## IFM International Private Equity Fund I

### Statement of cash flows for the year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
<b>Cash flows from operating activities</b>			
Interest received		34,537	106,024
Distributions and dividends received		5,659	730,778
Expenses paid		(194,063)	(177,238)
Income tax received/(paid)		1,512,225	(61,934)
<b>Net cash provided by operating activities</b>	11(b)	<b>1,358,358</b>	<b>597,630</b>
<b>Cash flows from investing activities</b>			
Return of capital on investments		133,044	131,469
<b>Net cash provided by investing activities</b>		<b>133,044</b>	<b>131,469</b>
<b>Cash flows from financing activities</b>			
Cash paid on redemptions		(5,320,564)	-
<b>Net cash used in financing activities</b>		<b>(5,320,564)</b>	<b>-</b>
Net change in cash held		(3,829,162)	729,099
<b>Cash and cash equivalents at beginning of the financial year</b>			
		20,607,632	19,842,858
Effects of exchange rate changes on the balance of cash held in foreign currencies		(537,032)	35,675
<b>Cash and cash equivalents at end of the financial year</b>	11(a)	<b>16,241,438</b>	<b>20,607,632</b>
<b>Non-cash investing activities</b>			
Distribution received and directly reinvested into financial assets		-	188,817

Notes to the financial statements have been included in the accompanying pages.

## IFM International Private Equity Fund I

### Notes to the financial statements

for the year ended 30 June 2021

#### 1 Application of new and revised Accounting Standards

##### (a) Adoption of new and revised Accounting Standards

In the current period the Fund has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period. There are no new and revised Accounting Standards that have a material impact on the Fund.

##### (b) Standards and interpretations issued not yet effective

At the date of authorisation of the financial report, the accounting standards and interpretations listed below have been published but are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards and interpretations (to the extent relevant to the Fund) is set out below:

Standard	Effective date* and impact upon adoption
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (AASB 10 & AASB 128), AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> and AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	1 January 2022 (Editorial corrections in AASB 2017-5 apply from 1 January 2018)  (no material impact upon adoption)
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 January 2022 (no material impact upon adoption)
AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2</i>	1 January 2021 (no material impact upon adoption)
AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i>	1 July 2021 (refer below)
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>	1 July 2021 (refer below)

\*applicable to the reporting periods beginning on or after the given date, unless otherwise stated.

In March 2020, the AASB finalised and issued new Accounting Standards which:

- **Remove special purpose financial statements for some for-profit entities** – through an Amending Standard, AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- **Introduce a new 'Tier 2' 'Simplified Disclosure' Standard** – AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, replacing 'Reduced Disclosure Requirements' (RDR).

The Fund will adopt these new accounting standards commencing from their effective date, 1 July 2021, and will apply the 'Tier 2' reporting framework to prepare its first set of General Purpose Financial Statements for the year ending 30 June 2022. The adoption of these new accounting standards are not expected to have a material impact on the recognition and measurement principles, however will require additional disclosures in the Fund's financial statements relating to the following sections:

## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

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#### 1 Application of new and revised Accounting Standards (continued)

##### (b) Standards and interpretations issued not yet effective (continued)

- Financial instruments;
- Related party transactions; and
- Income tax expenses and related balances.

#### 2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### (a) Financial reporting framework

The Fund is not a reporting entity because in the opinion of the directors of Industry Funds Investments Limited, as trustee of the Fund, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy all of their information needs.

Accordingly, this Special Purpose Financial Report has been prepared to satisfy the trustee directors' reporting requirements under the Trust Deed dated 6 June 2000 (as amended).

##### (b) Statement of compliance

The Special Purpose Financial Report has been prepared in accordance with the Trust Deed dated 6 June 2000 (as amended), the requirements of the Superannuation Industry (Supervision) Act 1993, the recognition and measurement requirements specified by all Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

##### (c) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability on an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for the purposes of fair value measurement, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## IFM International Private Equity Fund I

### Notes to the financial statements

for the year ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### (d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the Fund's accounting policies, described in note 2, requires the Trustee to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. These accounting policies have been consistently applied by the Fund.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Novel Coronavirus (COVID-19) pandemic and associated Government restrictions and market volatility have led to widespread economic impacts. Management has considered the impact of the COVID-19 pandemic on the Fund's investments and believes the current valuation method remains appropriate. The Fund's portfolio of financial assets is managed and performance evaluated on a fair value basis, in accordance with the Fund's documented investment strategy.

In estimating the fair value of unlisted equity and managed investment schemes, the Trustee uses the latest available external manager valuations. Where June valuations are not yet available, the Trustee may use a variety of methods to determine whether any other valuation adjustments are applicable, including discussions with external managers.

Management has closely engaged with the external managers to ensure the impact of COVID-19 has been incorporated into the valuations. This included discussions on the valuation approach and methodology and changes as a result of COVID-19. Further detail on the Fund's method of measuring financial assets is contained in note 2(g).

##### (e) Investment income

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

###### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

###### Dividend and trust distribution income

Dividend and distribution income are recognised as income on the date the share or unit is quoted ex-dividend or ex-distribution.

##### (f) Income tax

As a Pooled Superannuation Trust (PST), the Fund incurs income tax at the rate of 15%. Income tax expense represents the sum of the tax currently payable and deferred tax.

###### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

## IFM International Private Equity Fund I

### Notes to the financial statements

for the year ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### (f) Income tax (continued)

###### Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability gave rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

##### (g) Financial assets

###### (i) Classification and measurement

Under AASB 9, there are three principal ways to classify and measure financial assets, as follows:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit and loss (FVTPL).

The appropriate method to use is driven by:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

The Fund's portfolio of financial assets is managed and performance evaluated on a fair value basis, in accordance with the Fund's documented investment strategy. As the Fund's business model does not meet the criteria for assets to be measured at amortised cost or FVTOCI, all financial assets are irrevocably designated at FVTPL at initial recognition, except for loans and receivables which are classified as amortised cost using the effective interest rate method.

Gains and losses arising from changes in the fair value of the financial assets at FVTPL are presented in the statement of profit or loss and comprehensive income within 'Change in fair value of investments' in the period in which they arise.

## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### (g) Financial assets (continued)

###### (i) Classification and measurement (continued)

Fair value is determined as follows:

###### Unlisted managed investment schemes

The fair value of unlisted managed investment schemes is based on a valuation by the Trustee at balance date. In determining a value for unlisted managed investment schemes, the Trustee has used the latest available external manager valuations. Where June valuations are not yet available, the Trustee may use a variety of methods to determine whether any other valuation adjustments are applicable, including discussions with external managers.

Further details on the method for determining fair value are provided in note 2(c) Basis of preparation.

###### Effective interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

###### Custodian

When required, assets are custodially held by JPMorgan Chase Bank, N.A. (Sydney Branch) acting through its nominee J.P. Morgan Nominees Australia Limited.

###### (ii) Recoverability of assets classified as amortised cost

For assets classified as amortised cost, including loans and receivables, the Fund assesses at each reporting date whether the financial assets are 'credit impaired'. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Loss allowances are deducted from the gross carrying amount of the financial asset.

The Fund measures the loss allowance for a financial asset at an amount equal to the lifetime effective credit losses (ECLs), if the credit risk on that financial instrument has not increased significantly since initial recognition. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the asset based on outstanding balances, days past their due date and the corresponding historical credit losses experienced.

###### (iii) Derecognition of financial assets

The Fund derecognises financial assets only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another scheme. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### (h) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (i) Foreign currency

Transactions in foreign currencies are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts payable and receivable that are outstanding at the balance date and are denominated in foreign currencies have been converted to Australian dollars using the rates of exchange applicable at the end of the financial year.

##### (j) Goods and services tax ("GST")

When applicable, GST incurred that is not recoverable has been recognised as part of the expense to which it applies. Receivables and payables are stated inclusive of any applicable GST. Income is recognised net of GST to the extent recoverable. Cashflows are included in the Statement of cash flows on a gross basis, where applicable.

##### (k) Creditors

Trade creditors and other payables are recognised when the Fund becomes obliged to make future payment resulting from the purchase of goods and services.

##### (l) Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

In accordance with AASB 132 Financial Instruments: Presentation, unitholders' funds, including the operational risk financial requirement ("ORFR"), are classified as a financial liability attributable to unitholders and disclosed as such in the Statement of financial position. Consequently there are no movements to report in the Statement of changes in equity. Further information is provided in note 8.

##### (m) Unit classes

Each unit confers upon the unitholder an equal interest in the Fund (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Fund. Unitholders have various rights under the Trust Deed, including the right to:

- Receive income distributions;
- Attend and vote at meetings of unitholders; and
- Participate in the termination and winding up of the Fund.

## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

	30 June 2021 \$	30 June 2020 \$
<b>3 Remuneration of auditors</b>		
Auditing the financial report	45,075	43,755
Tax and other services	142,008	121,213
	<u>187,083</u>	<u>164,968</u>
<p>The auditor of the Fund is Deloitte Touche Tohmatsu. The above amounts are GST inclusive and net of RITC.</p>		
<b>4 Deferred tax</b>		
<b>Deferred tax assets comprise:</b>		
Temporary differences - accrued expenses	16,220	17,056
	<u>16,220</u>	<u>17,056</u>
<b>5 Financial assets carried at fair value through profit or loss (FVTPL)</b>		
<b>(a) Unlisted managed investment schemes</b>		
Unlisted equity and managed investment schemes	5,885,979	5,071,544
	<u>5,885,979</u>	<u>5,071,544</u>
<b>(b) Net gain/(loss) on Investments held at fair value through profit or loss</b>		
Unrealised gain on investments held at fair value through profit or loss	947,479	288,268,640
Realised loss on investments held at fair value through profit or loss	-	(289,352,509)
	<u>947,479</u>	<u>(1,083,869)</u>
<b>6 Receivables</b>		
GST receivable	8,531	10,037
	<u>8,531</u>	<u>10,037</u>
<b>7 Payables</b>		
Auditors' remuneration	104,612	107,403
	<u>104,612</u>	<u>107,403</u>

## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
<b>8 Net assets attributable to unitholders</b>		
<b>Fund unit class</b>		
<b>2021</b>	<b>Units</b>	<b>\$</b>
Opening balance	19,099,308	25,538,811
Unit redemptions	(3,635,332)	(5,320,564)
Change in net assets attributable to unitholders	-	2,433,878
Closing balance	<u>15,463,976</u>	<u>22,652,125</u>
<b>Operational risk financial requirement</b>		
<b>2021</b>	<b>Units</b>	<b>\$</b>
Opening balance	-	70,096
Change in net assets attributable to unitholders	-	8,173
Closing balance	<u>-</u>	<u>78,269</u>
Net assets attributable to unitholders	<u><u>15,463,976</u></u>	<u><u>22,730,394</u></u>
<b>Fund unit class</b>		
<b>2020</b>	<b>Units</b>	<b>\$</b>
Opening balance	19,099,308	25,894,915
Change in net assets attributable to unitholders	-	(356,104)
Closing balance	<u>19,099,308</u>	<u>25,538,811</u>
<b>Operational risk financial requirement</b>		
<b>2020</b>	<b>Units</b>	<b>\$</b>
Opening balance	-	65,053
Change in net assets attributable to unitholders	-	5,043
Closing balance	<u>-</u>	<u>70,096</u>
Net assets attributable to unitholders	<u><u>19,099,308</u></u>	<u><u>25,608,907</u></u>

The Fund established a separately identifiable bank account to maintain a cash and cash equivalents reserve in response to the operational risk financial requirement introduced into the Superannuation Industry (Supervision) Act 1993 from 1 July 2013. This ORFR is operated in accordance with the Trustee's Capital Management Policy with the purpose of providing funding for losses caused by an operational risk event relating to the Fund. The ORFR forms part of the net assets attributable to unit holders and is classified as a liability and disclosed as such in the Statement of Financial Position. The ORFR is funded through the retention of Fund earnings and is managed by the Trustee in accordance with the Capital Management Policy. The ORFR reserve balance was 0.34% of net assets as at 30 June 2021 (2020: 0.27%).

## IFM International Private Equity Fund I

### Notes to the financial statements

for the year ended 30 June 2021

#### 9 Total expense ratio (TER)

The TER of the Fund is shown in the table below. The TER reflects expenses incurred in the operation of the Fund, excluding transaction expenses related to the purchase or sale of assets of the Fund, such as brokerage, government taxes and other transaction charges.

The table combines the expenses incurred directly by the Fund and those incurred indirectly in other managed investment schemes.

	30 June 2021 \$	30 June 2020 \$
TER related expenses incurred by the Fund	192,778	183,706
TER related expenses incurred indirectly through investments in other managed investment schemes	-	186,734
	<u>192,778</u>	<u>370,440</u>
	%	%
<b>TER</b>	0.76	1.47

#### 10 Investment commitments

As at balance date, IFM International Private Equity Fund I has the following estimated commitments of investment expenditure which have not been provided for in the financial statements. These are covered by funding commitments by existing unitholders within the Fund:

	\$	\$
- current commitments	-	-
	<u>-</u>	<u>-</u>

#### 11 Notes to the statement of cash flows

##### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

<b>Cash</b>	16,241,438	20,607,632
	<u>16,241,438</u>	<u>20,607,632</u>

## IFM International Private Equity Fund I

### Notes to the financial statements for the year ended 30 June 2021

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#### 11 Notes to the statement of cash flows (continued)

	30 June 2021 \$	30 June 2020 \$
<b>(b) Reconciliation of profit/(loss) for the year to net cash provided by operating activities</b>		
<b>Net profit/(loss)</b>	-	-
Finance costs attributable to unitholders	2,442,051	(351,061)
<b>Net profit/(loss) attributable to unitholders</b>	<u>2,442,051</u>	<u>(351,061)</u>
Change in fair value of investments	(947,479)	1,083,869
Net foreign exchange loss/(gain)	537,032	(35,675)
Reinvestment of distribution income	-	(188,817)
Change in receivables	1,506	(3,385)
Change in expenses payable	(2,791)	9,902
Change in deferred tax asset	836	(3,163)
Change in income tax receivable/payable	<u>(672,797)</u>	<u>85,960</u>
<b>Net cash provided by operating activities</b>	<u><u>1,358,358</u></u>	<u><u>597,630</u></u>

#### 12 Contingent assets and liabilities

Other than those disclosed under note 10 (investment commitments), there are no outstanding contingent assets and liabilities as at 30 June 2021 (2020: Nil).

#### 13 Subsequent events

Industry Funds Investments Limited was appointed as the new Trustee, replacing IFM Investors (Nominees) Limited, effective 1 July 2021. Accordingly, Industry Funds Investments Limited is responsible for the preparation of the financial report in accordance with the basis of preparation described in Note 2 to the financial statements, and for such internal control as necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Apart from the above, since 30 June 2021, there have been no matters or circumstances not otherwise dealt with in the financial statements, or statement by the Trustee that have significantly affected or may significantly affect the Fund.