

Tidswell Financial Services Limited

ABN 55 010 810 607

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2020

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DIRECTORS' REPORT

Your Directors present their report on Tidswell Financial Services Ltd ("**the Company**") for the financial year ended 30 June 2020.

The names of the Directors in office at any time during or since the end of the year are:

Michael John Terlet
Ronald Peter Beard
Fiona Margaret McNabb
Andrew John Peterson
Stephen Miller – Resigned 25/02/2020

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

Principal Activities

The principal activities of the Company during the financial year were as follows:

The Company continued to act as trustee for:

- The Tidswell Master Superannuation Plan ABN 34 300 938 877; and
- Max Super Fund ABN 46 004 031 298.

The Company continued to act as responsible entity to:

- The Tidswell Investment Plan Managed Investment Scheme ARSN 093 115 685;
- The Direct Mortgage Managed Investment Scheme ARSN 095 540 659;
- The Pooled Mortgage Managed Investment Scheme ARSN 095 540 597;
- Mantra Hindmarsh Square Managed Investment Scheme ARSN 089 814 193; and
- The Commonwealth House Unit Trust Managed Investment Scheme ARSN 099 744 000.

There were no other significant changes in the nature of the Company's principal activities during the financial year.

Operating Results

The operating profit of the Company after providing for income tax amounted to (\$3,029,734) (2019: \$2,184,810).

Dividends Paid or Recommended

No dividends were paid or declared for payment during the year ended 30 June 2020 (2019: Nil). A \$1.250,000 dividend has been recommended to be paid in relation to the year ended 30 June 2020.

Financial Position

The net assets of the Company have decreased from \$9,169,716 at 30 June 2019 to \$6,139,982 at 30 June 2020.

Significant Changes in State of Affairs

On 3rd February 2020 the Company's parent entity RSE Holdco Pty Ltd went into administration. On 29th January 2020 the Company's ultimate parent company, Sargon Capital Pty Ltd went into receivership and subsequently on 8th April 2020 administrators were appointed to Sargon Capital Pty Ltd. As a result, the loans and receivables between the Company, RSE Holdco Pty Ltd and Sargon Services Pty Ltd were written off and/or forgiven. This includes \$7,124,334 owing from RSE Holdco Pty Ltd.

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On 4th of May 2020 the company was acquired by Certes Infrastructure Holdings Pty Ltd. The ultimate holding company is Pacific Infrastructure Partners Pty Ltd.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

After Reporting Date Events

A section 601NC Notice of Proposed Fund Termination was filed in respect of the wind up of Chut B on 18 September 2020 following the sale of 60 Hindmarsh Square, Adelaide.

The proposed SFT of Max Super (Max) (including Good Super and Neos v1) to Smartsave was granted in-principal approval from the TFSL Board on 22 September and the Diversa Board on 24 September 2020. The proposed SFT is subject to an equivalency analysis being finalised and formal approval by both Boards.

The DORA has been executed by both Trustee's and work has commenced to transfer TMSP to Diversa via DORA in December 2020. The 7 Promoters of the externally promoted sub-plans have been contacted and all have completed a Diversa request for due diligence material, which is required given these service providers have not been previously approved by Diversa. Deeds of Novation for all current TMSP service providers have been drafted or are in the process of being drafted; in total 29 agreements will need to be novated from TFSL to Diversa. Management is confident of achieving a December 2020 transfer date.

There were no further events occurring after reporting date that significantly affected the financial statements of the Company.

COVID-19

We believe that the consequences of the COVID-19 pandemic, based on information known at the time of preparing these financial statements, have been adequately assessed and that these consequences have been properly measured and disclosed in the financial statements.

Future Developments

The Company will continue to operate in its role as a managed investment scheme responsible entity. It is expected that results of operations in financial years subsequent to the year ended 30 June 2020 will be maintained at a similar trend to that of the previous years with a view to grow the funds under management.

Directors' Benefits

Since the date of the last Directors' report, no director has received or become entitled to receive any benefit (other than benefits outlined in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he or she is a member, or with a Company in which he or she has a substantial financial interest.

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Indemnifying Officers or Auditors

During the financial year, Sargon Capital Pty Ltd, the Company's former ultimate parent entity paid a premium for an insurance policy insuring all Directors against certain liabilities, this policy was valid from 1st July 2019 to 29th January 2020.

Subsequent to 29th January 2020, the Company paid a premium for an insurance policy insuring all Directors against certain liabilities, this policy was valid until 4th May 2020.

Subsequent to 4th May 2020 the company's new ultimate parent entity, Pacific Infrastructure Partners Pty Ltd paid a premium for an insurance policy insuring all Directors against certain liabilities.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

This report is made with a resolution of the directors, pursuant to section 298 (2)(a) of the *Corporations Act 2001*.



Fiona Margaret McNabb
Director

30 November 2020

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF TIDSWELL FINANCIAL SERVICES LIMITED

As lead auditor of Tidswell Financial Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

BDO Audit Pty Ltd

BDO



Tim Aman
Director

Sydney, 30 November 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue from operating activities	2	9,581,953	10,387,076
Total revenue		9,581,953	10,387,076
Employee expenses		(2,525,965)	(2,052,830)
Other expenses	3	(11,302,603)	(4,933,547)
Total expenses		(13,828,568)	(6,986,377)
Loss before income tax expense		(4,246,615)	3,400,699
Income tax (expense) / benefit	4	1,216,881	(1,215,889)
Net profit after tax		(3,029,734)	2,184,810
Other comprehensive income		-	-
Total comprehensive income for the year		(3,029,734)	2,184,810

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL REPORT**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	6,693,515	7,476,277
Trade and other receivables	6	510,637	2,357,983
Related party loans	16	-	5,924,334
TOTAL CURRENT ASSETS		<u>7,204,152</u>	<u>15,758,594</u>
NON-CURRENT ASSETS			
Plant and equipment	7	70,940	121,141
Deferred tax assets		14,207	10,912
TOTAL NON-CURRENT ASSETS		<u>85,147</u>	<u>132,053</u>
TOTAL ASSETS		<u>7,289,299</u>	<u>15,890,647</u>
CURRENT LIABILITIES			
Trade and other payables	9	659,199	3,417,227
Inter-company payable	8	90,118	2,303,704
TOTAL CURRENT LIABILITIES		<u>749,317</u>	<u>5,720,931</u>
NON-CURRENT LIABILITIES			
Trade and other payables	9	400,000	400,000
Related party loans	16	-	600,000
TOTAL NON-CURRENT LIABILITIES		<u>400,000</u>	<u>1,000,000</u>
TOTAL LIABILITIES		<u>1,149,317</u>	<u>6,720,931</u>
NET ASSETS		<u>6,139,982</u>	<u>9,169,716</u>
EQUITY			
Issued capital	12	100,000	100,000
Retained profits		6,039,982	9,069,716
TOTAL EQUITY		<u>6,139,982</u>	<u>9,169,716</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 30 June 2018		100,000	6,884,906	6,984,906
Total comprehensive income		-	2,184,810	2,184,810
Balance at 30 June 2019		100,000	9,069,716	9,169,716
Total comprehensive income		-	(3,029,734)	(3,029,734)
Balance at 30 June 2020		100,000	6,039,982	6,039,982

The accompanying notes form part of these financial statements.

ANNUAL FINANCIAL REPORT**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020	2019
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from services		7,518,327	9,800,112
Payments for services		(6,127,202)	(5,180,118)
Interest received		17,627	57,494
Income tax received (paid)		(1,000,000)	-
Goods and Services Tax paid		5,186	(398,370)
Net cash provided by operating activities		<u>413,938</u>	<u>4,279,118</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment income received		-	-
Purchase/Sale of plant and equipment		3,300	(8,113)
Payment for leased assets		-	-
Payments of loans to intercompany		(1,200,000)	(2,600,000)
Net cash used by investing activities		<u>(1,196,700)</u>	<u>(2,608,113)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		(782,762)	1,671,005
Cash at beginning of year		<u>7,476,277</u>	<u>5,805,272</u>
CASH AT THE END OF THE YEAR	7	<u>6,693,515</u>	<u>7,476,277</u>

The accompanying notes form part of these financial statements.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tidswell Financial Services Limited (the 'Company') is a company limited by shares. The Company is incorporated and domiciled in Australia. The address of the Company's registered office is Level 9, 287 Collins Street, Melbourne, VIC, 3000.

The financial statements were authorised for issue by the Board of Directors on 30 November 2020.

(a) Statement of compliance

The financial report has been prepared as tier 2 under the reduced disclosure requirements in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

(b) Basis of preparation

The financial statements are presented in Australian dollars which is the functional and presentation currency of the Company and have been prepared on a historical cost basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. 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 and in future periods affected.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and amended standards adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretation is set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 "Leases", provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on the statement of financial position, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019.

No impact is anticipated as at 30 June 2020 as the company has no lease commitments as at 30 June 2020.

(c) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below). Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of profit or loss and other comprehensive income.

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(ii) Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives in the current and comparative periods are as follows:

Computer equipment	3 to 8 years
Fixtures and fittings	3 to 8 years

Residual values, useful lives and the depreciation methods are reviewed at the reporting date.

(d) Trust liabilities and right of indemnity

The Company acts as trustee of the Tidswell Master Superannuation Plan and max Super Fund and liabilities have been incurred on behalf of the plans in the Company's capacity as corporate trustee. Liabilities incurred on behalf of the plans are not recognised in the financial statements when it is not probable that the Company will have to meet any of those trust liabilities from its own resources

(e) Cash

Cash and cash equivalents comprise cash balances, bank accepted commercial bills and call deposits with an original maturity of three months or less.

(f) Contributed equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(g) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition these financial liabilities are measured at amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(h) Revenue

The Company's main source of revenue arise through the provision of financial services to clients.

In accordance with the revenue recognition policies described in these financial statements, revenue is typically recognised as the performance obligations are delivered. Primarily performance obligations are rendering of a service. Revenue is invoiced at the end of the month upon completion of rendering of the service for the period. Standard payment terms are 30 days from the date of the invoice.

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences

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when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The company is part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity of the tax-consolidated group from 1st July 2019 to 4th of May 2020 was Sargon Capital Pty Ltd on 4th of May 2020 the head entity of the tax consolidated group was Pacific Infrastructure Partners Pty Ltd. A tax sharing agreement is in place and the effect of the agreement is that each of the subsidiary members is liable only for the reasonable allocation of the Group Liability made to it under that tax sharing agreement. A tax funding and sharing agreement is also in place.

i) **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

J) **Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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	2020	2019
	\$	\$
NOTE 2: REVENUE		
Operating activities		
— fund and scheme fee income	5,043,851	6,622,290
— bank interest	17,627	57,495
— mortgage lending fee income	390,051	1,080,299
— reimbursements from funds and schemes	869,385	921,728
— office administration fees	-	51,000
— IT recharge costs	140,059	1,599,651
— Gain on write off debt (note 16)	3,083,566	-
— other income	37,414	54,613
Total revenue	<u>9,581,953</u>	<u>10,387,076</u>

NOTE 3: OTHER EXPENSES FROM ORDINARY ACTIVITIES

— employment expenses	71,375	(30,179)
— professional fees	1,132,585	705,869
— reimbursements to funds and schemes	562,317	538,845
— occupancy costs	174,240	162,611
— loan interest – RSE Holdco Pty Ltd	26,250	45,000
— cost recovery – Sargon Services Pty Ltd	781,372	1,185,074
— IT recharge costs	347,380	1,844,287
— Loss on write off debt (note 16)	7,124,334	211,075
— bad debt expenses	820,279	
— other expenses	262,471	270,965
Total other expenses from ordinary activities	<u>11,302,603</u>	<u>4,933,547</u>

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	2020	2019
	\$	\$
NOTE 4: Income Tax		
Current tax expense/(benefit)	(1,213,586)	979,936
Deferred tax expense	(3,295)	235,953
Income tax expense/(benefit)	<u>(1,216,881)</u>	<u>1,215,889</u>
	2020	2019
	\$	\$
(Loss)/ profit from continuing operations before income tax	(4,246,615)	3,400,699
Tax at the Australian tax rate of 27.5% (2019: 30%)	(1,167,819)	1,020,210
Tax effect of amounts which are not deductible/(taxable) in calculating income tax:		
Transfer of tax to intercompany entity for employee benefits	-	194,242
Other	196	1,437
Adjustment to tax balance not payable to former tax consolidated tax group (Refer to Note 16 for further details)	(49,258)	-
Income tax expense/(benefit)	<u>(1,216,881)</u>	<u>1,215,889</u>

	2020	2019
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	6,693,215	7,475,977
Petty cash	300	300
	<u>6,693,515</u>	<u>7,476,277</u>

	2020	2019
	\$	\$
NOTE 6: TRADE AND OTHER RECEIVABLES		
Management and service fees due from:		
Superannuation Funds under trusteeship	347,478	623,604
Managed Investment Schemes under trusteeship	119,148	254,504
Reimbursements due from:		
Superannuation Funds under trusteeship	32,434	1,101,525
Managed Investment Schemes under trusteeship	7,381	321,243
Sundry debtors	-	57,107
Prepayments	4,196	-
Total Trade and Other Receivables	<u>510,637</u>	<u>2,357,983</u>

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	2020	2019
NOTE 7: PLANT AND EQUIPMENT	\$	\$
Property improvements – at cost	147,824	147,824
Additions	3,300	-
Disposals	-	-
Less accumulated depreciation	(97,476)	(74,167)
	56,948	73,657
Office equipment - at cost	273,991	262,578
Additions	-	8,113
Disposals	(43,302)	-
Less accumulated depreciation	(212,397)	(223,207)
	17,292	47,484
Plant and equipment – carrying amount at end of year	70,940	121,141

NOTE 8: Related Party payables

	2020	2019
	\$	\$
Sargon Capital Pty Ltd – Former ultimate holding company	-	2,303,704
Pacific Infrastructure Partners Pty Ltd – Share common ultimate holding company	90,118	
	90,118	2,303,704

The intercompany payable is in relation to the tax liability for the Company as part of the income tax consolidated group.

NOTE 9: TRADE AND OTHER PAYABLES

	2020	2019
CURRENT:	\$	\$
Intercompany Payable	248,616	2,095,074
Sundry Payables	410,583	1,322,153
	659,199	3,417,227
NON-CURRENT:		
TMSP sub fund Security Deposits	400,000	400,000
RSE Holdco Pty Ltd Loan	-	600,000
	400,000	1,000,000

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	2020	2019
NOTE 10: PROVISIONS	\$	\$
Balance at beginning of year	-	799,317
Net Provision during period	-	(201,340)
Transfer to intercompany	-	(597,977)
Balance at end of year	-	-

NOTE 11: TRUST LIABILITIES AND RIGHT OF INDEMNITY

Liabilities of the Company not recorded in the financial statements of the entity were:

CURRENT

Accounts payable	2,556,000
Current Income tax	2,732,000
Deferred tax liability	5,068,000
Total Current	10,356,000

Rights of indemnity for liabilities incurred by the Company on behalf of The Tidswell Master Superannuation Plan, and max Super Fund were: 760,632,000

The assets of each trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right or any other liabilities of the other trust. The assets of each trust were sufficient to discharge all liabilities of each trust at 30 June 2019 and 30 June 2020.

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	2020	2019
NOTE 12: ISSUED CAPITAL	\$	\$
100,000 (2019: 100,000) fully paid ordinary shares	100,000	100,000

Fully Paid Ordinary Shares

Ordinary shares participate in dividends in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are externally imposed capital requirements by Australian Prudential Regulation Authority (**APRA**) and Australian Securities and Investments Commission (**ASIC**) which licence the Company to operate as a financial services trustee and advisor.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There were no dividends paid during the year. Funds were loaned to a related entity of the ultimate shareholder. The ongoing strategy remains to maximise the value of the capital reserves to ensure the ASIC and APRA capital requirements are maintained on a continual basis.

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	2020	2019
NOTE 13: CAPITAL AND LEASING COMMITMENTS	\$	\$
b. Operating Lease Commitments		
Payable		
- not later than 1 year	-	135,118
- later than 1 year but not later than 5 years	-	23,420
	<hr/>	<hr/>
	-	158,538

NOTE 14: CONTINGENT ASSETS & CONTINGENT LIABILITIES

A contingent asset exists where the Company has incurred a number of expenses on behalf of The Mantra Hindmarsh Square Managed Investment Scheme, under Schedule 1 Item 2 of the Constitution, totalling \$163,950 (2019: \$183,463). The Company does not intend to claim reimbursement of \$163,950 at the present time unless it ceases to be the Responsible Entity (e.g. a meeting is called to wind up the Scheme or replace the Company as Responsible Entity), or an apartment is withdrawn from the Scheme, or excess funds remain in the Scheme Costs Budget Fund from year to year.

A contingent liability exists relative to any future claims that may be made against the Company arising from trusteeship dealings. There are no known claims at the date of this report.

During the current financial year, the company; was a member of the Sargon Capital Tax Consolidated Group. Being part of this group, the company is deemed to be jointly and severally liable for any tax liabilities that arose while it was a member of the Sargon Capital Tax Consolidated Group.

On the basis that the company did not clearly exit the Sargon Capital Tax Consolidated Group at the time of its sale to Certus Infrastructure Holdings Pty Ltd, there is a potential contingent tax obligation that may arise if the Australian Taxation Office raised an income tax assessment to Sargon Capital Pty Ltd (the head entity of the Sargon Capital Tax Consolidated Tax Group) that is not paid in full by Sargon Capital Pty Ltd.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

A section 601NC Notice of Proposed Fund Termination was filed in respect of the wind up of Chut B on 18 September 2020 following the sale of 60 Hindmarsh Square, Adelaide.

The proposed SFT of Max Super (Max) (including Good Super and Neos v1) to Smartsave was granted in-principal approval from the TFSL Board on 22 September and the Diversa Board on 24 September 2020. The proposed SFT is subject to an equivalency analysis being finalised and formal approval by both Boards.

The DORA has been executed by both Trustee's and work has commenced to transfer TMSP to Diversa via DORA in December 2020. The 7 Promoters of the externally promoted sub-plans have been contacted and all have completed a Diversa request for due diligence material, which is required given these service providers have not been previously approved by Diversa. Deeds of Novation for all current TMSP service providers have been drafted or are in the process of being drafted; in total 29 agreements will need to be novated from TFSL to Diversa. Management is confident of achieving a December 2020 transfer date.

There were no further events occurring after reporting date that significantly affected the financial statements of the Company.

ANNUAL FINANCIAL REPORT**NOTE 16: RELATED PARTY TRANSACTIONS****Related Party Transactions**

The Company acts as Trustee for the following Superannuation Plans:

- The Tidswell Master Superannuation Plan
- max Super Fund

The Company acts as Responsible Entity and provides management services to the following schemes:

- The Tidswell Investment Plan Managed Investment Scheme
- The Pooled Mortgage Managed Investment Scheme
- The Direct Mortgage Managed Investment Scheme
- Mantra Hindmarsh Square Adelaide Managed Investment Scheme
- The Commonwealth House Unit Trust Managed Investment Scheme.

Amounts payable / receivable to related schemes and plans have been disclosed within Note 6 Trade and Other Receivables and Note 9 Trade and Other Payables.

	2020	2019
	\$	\$
Trustee Fees received for management services for the superannuation funds	3,836,751	4,795,446
Responsible entity fees and fees received for management services for the managed investment schemes	1,442,780	2,291,351
An inter-company loan was made to RSE HoldCo Pty Ltd a related Company of Tidswell Financial Services Ltd (*1)	1,200,000	5,924,334
An inter-company loan was made to Tidswell Financial Services Ltd from RSE HoldCo Pty Ltd a related Company. (*1)	-	(600,000)
IT recharge costs from Sargon Services Pty Ltd	(5,846)	(1,844,287)
Expenses recharge from Sargon Services Pty Ltd (*1)	(1,128,752)	(1,185,074)
Expenses recharge from Certes Infrastructure Services Pty Ltd (*1)	(119,453)	-
Labour recharge from Sargon Services Pty Ltd (*1)	(2,518,977)	(1,187,070)

(*1) Outstanding loans and receivables between the Company, RSE Holdco Pty Ltd and Sargon Services Pty Ltd were forgiven as part of the sale process of the Company to Certes Infrastructure Holdings Pty Ltd.

Remuneration of key management personnel by the Company:

	Short -term benefits	Post-employment benefits	Total
	\$	\$	\$
2020	-	-	-
2019	\$88,466	-	\$88,466

The key management personnel of the Company during the financial year were the Directors:

The remuneration includes the payment of superannuation, which is included with 'Post Employment Benefits' above.

ANNUAL FINANCIAL REPORT

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 20, are in accordance with the *Corporations Act 2001*:
 - a. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company; and
 - b. complying with Australian Accounting Standards reduced disclosure requirements and the Corporations Regulations 2001.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant of section 295 (5)(a) of the Corporations Act 2001.



Fiona Margaret McNabb

Director

30 November 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Tidswell Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tidswell Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Tidswell Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our 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 Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Tim Aman

Director

Sydney, 30 November 2020