



Perennial Cash Trust

ARSN 127 731 006

2014/2015 Annual Financial Report

Investment Manager

Perennial Investment Partners Limited
ABN 59 087 901 620 AFSL 238763

Responsible Entity

IOOF Investment Management Limited
ABN 53 006 695 021 AFSL 230524

PERENNIAL CASH TRUST
ARSN 127 731 006
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015

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**PERENNIAL CASH TRUST
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

The Directors of IOOF Investment Management Limited, the Responsible Entity of Perennial Cash Trust, present this report together with the financial statements of Perennial Cash Trust ('the Scheme'), for the year ended 30 June 2015 and the auditor's report thereon.

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

During the year, the Scheme continued to invest funds in accordance with the following investment objectives:

- The Scheme's investment objective is to provide investors with a low risk exposure to secure cash investment and returns that closely track the prevailing level of short term interest rates. The Scheme aims to outperform (after fees) the Bloomberg AusBond Bank Bill Index over rolling annual periods.

The investment objectives are as disclosed in the current Product Disclosure Statement and in accordance with the provisions of the Scheme's Constitution.

There were no significant changes in the nature of the Scheme's activities during the year.

The Scheme did not have any employees during the year.

Responsible Entity

The following persons held office as directors of IOOF Investment Management Limited during the year and up to the date of this report:

Dr R. N. Sexton (Chairman)

Mr I. G. Griffiths

Ms J. Harvey

Mr C. F. Kelaher

Mr G. Venardos

Mr A. Griffiths (Appointed 14 July 2014)

Review of operations

The Scheme invests in a portfolio of high quality short term securities including: bank bills, deposits and commercial paper. The Investment Manager seeks to add value using a combination of interest rate and yield enhancement strategies. The Scheme is authorised to utilise derivative instruments for risk management purposes, subject to the specific restriction that they cannot be used to gear portfolio exposure.

**PERENNIAL CASH TRUST
DIRECTORS' REPORT
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Results

The performance of the Scheme, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
Operating profit/(loss)	26,901,373	23,548,894
Distributions paid and payable to unitholders	(26,518,104)	(21,586,845)
Transfers (to)/from net assets attributable to unitholders / Total Comprehensive Income	<u>(383,269)</u>	<u>(1,962,049)</u>
Profit/(loss) for the year	<u><u>-</u></u>	<u><u>-</u></u>

Distributions

	30 June 2015	30 June 2014
	\$	\$
Distributions paid and payable		
31 July	2,041,296	2,611,452
31 August	2,259,102	1,800,556
30 September	1,846,915	2,373,564
31 October	2,555,675	760,218
30 November	2,333,560	898,679
31 December	2,452,908	1,038,426
31 January	2,494,477	2,198,374
28 February	2,122,894	2,146,205
31 March	1,967,147	2,177,695
30 April	2,349,898	2,120,743
31 May	2,072,255	1,823,059
30 June	<u>2,021,977</u>	<u>1,637,874</u>
	<u><u>26,518,104</u></u>	<u><u>21,586,845</u></u>

	30 June 2015	30 June 2014
	CPU	CPU
Distributions (cents per unit)		
31 July	0.220	0.330
31 August	0.230	0.230
30 September	0.190	0.320
31 October	0.260	0.100
30 November	0.220	0.100
31 December	0.240	0.110
31 January	0.250	0.250
28 February	0.220	0.250
31 March	0.220	0.250
30 April	0.250	0.240
31 May	0.220	0.200
30 June	<u>0.203</u>	<u>0.179</u>
	<u><u>2.723</u></u>	<u><u>2.559</u></u>

**PERENNIAL CASH TRUST
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

Performance

The table below demonstrates the performance of the Scheme as represented by the total return per annum, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return per annum calculated after fees is shown for the past two years to 30 June 2015 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC standard 6.0 Product Performance - Calculation of Returns. The Directors assess the performance of the Scheme's total return per annum with the relevant benchmark that is disclosed in the Product Disclosure Statement. The comparison to benchmark performance for the two years to 30 June 2015 is also shown below:

	2015 %	2014 %
Capital growth	0.03	0.22
Distribution	<u>2.69</u>	<u>2.54</u>
Total return	<u>2.72</u>	<u>2.76</u>
Benchmark - Bloomberg AusBond Bank Bill Index	<u>2.60</u>	<u>2.68</u>

Bloomberg AusBond Bank Bill Index was formerly known as UBS Bank Bill Index.

Consistent with our statements in the current Product Disclosure Statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Indirect Cost Ratio

The indirect cost ratio of the Scheme is shown in the following table:

	2015 %	2014 %
Indirect Cost Ratio	0.22	0.22

The cost is calculated on the net asset value of the Scheme and is deducted from the assets of the Scheme. The cost is accrued daily and paid monthly and is incorporated into the daily unit prices of the Scheme. The indirect cost ratio calculation includes investment management fees charged to the Scheme during the financial year, including those charged by the Responsible Entity directly for the management of the assets.

Unit redemption prices

Unit redemption prices are shown as follows:

	2015 \$	2014 \$
At 30 June (quoted ex-distribution)	1.0227	1.0224
High During Period	1.0256	1.0249
Low During Period	1.0225	1.0189

Significant changes in the state of affairs

In the opinion of the Directors of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year.

Matters subsequent to the end of the financial year

Except as disclosed in the financial statements, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future financial years or
- (ii) the results of those operations in future financial years or
- (iii) the state of affairs of the Scheme in future financial years.

**PERENNIAL CASH TRUST
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the Directors and officers of IOOF Investment Management Limited against liabilities to persons outside IOOF Investment Management Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its Related Parties

Details of fees paid to the Responsible Entity during the financial year are disclosed in Note 11 of the financial statements.

No fees were paid out of Scheme's property to the Directors of the Responsible Entity during the year.

The interests in the Scheme held by the Responsible Entity or its related parties as at the end of the financial year are disclosed in Note 11 of the financial statements.

Interests in the Scheme

The Scheme had total assets valued at \$1,022,422,516 as at 30 June 2015 (2014:\$939,644,204). The basis for valuation of the Scheme's assets is disclosed in Note 2 of the financial statements.

Details of movements in net assets attributable to unitholders and total units on issue are disclosed in Note 7 of the financial statements.

Environmental regulation

The operations of the Scheme are not subject to any significant environmental regulation under a Commonwealth, State or Territory law.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on Page 7 and forms part of the Directors' Report for the year ended 30 June 2015.

Signed in accordance with a resolution of the Directors of IOOF Investment Management Limited.

On behalf of the Directors,



Mr C. F. Kelaher
Director

Melbourne, 26 August 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of IOOF Investment Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Rachel Milum

Rachel Milum
Partner

Melbourne

26 August 2015



Independent auditor's report to the unitholders of Perennial Cash Trust

Report on the financial report

We have audited the accompanying financial report of Perennial Cash Trust (the Scheme), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of IOOF Investment Management Limited (the Responsible Entity) are 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 Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the Directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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*.

Auditor's opinion

In our opinion:

- (a) the financial report of Perennial Cash Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

KPMG

Rachel Milum

Partner

Melbourne

26 August 2015

**PERENNIAL CASH TRUST
DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

The Directors of IOOF Investment Management Limited, the Responsible Entity of Perennial Cash Trust ('the Scheme') declare that:

- (a) the financial statements and notes set out on pages 11 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2015 and of its performance for the year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of IOOF Investment Management Limited.

On behalf of the Directors,



Mr C. F. Kelaher
Director

Melbourne, 26 August 2015

**PERENNIAL CASH TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

		Year ended	
	Note	30 June 2015	30 June 2014
		\$	\$
<u>Investment Income</u>			
Interest income	4	337,685	122,464
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	<u>28,760,071</u>	<u>25,337,833</u>
Total investment income/(loss)		<u>29,097,756</u>	<u>25,460,297</u>
<u>Expenses</u>			
Responsible Entity fees	11	2,141,559	1,863,738
Scheme expenses		<u>54,824</u>	<u>47,665</u>
Total operating expenses before finance costs		<u>2,196,383</u>	<u>1,911,403</u>
Operating profit/(loss)		<u>26,901,373</u>	<u>23,548,894</u>
<u>Finance costs attributable to unitholders from operations</u>			
Distributions to unitholders	3	(26,518,104)	(21,586,845)
Transfers (to)/from net assets attributable to unitholders / Total Comprehensive Income	7	<u>(383,269)</u>	<u>(1,962,049)</u>
Total Comprehensive Income		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**PERENNIAL CASH TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<u>Assets</u>			
Cash and cash equivalents	12(a)	7,484,835	3,483,898
Financial assets held at fair value through profit or loss	6	1,009,022,529	933,455,146
Loans and receivables:			
Receivables		<u>5,915,152</u>	<u>2,705,160</u>
Total assets		<u>1,022,422,516</u>	<u>939,644,204</u>
<u>Liabilities</u>			
Distributions payable		2,021,977	1,637,874
Other payables		<u>195,357</u>	<u>188,312</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>2,217,334</u>	<u>1,826,186</u>
Net assets attributable to unitholders (liability)	7	<u>1,020,205,182</u>	<u>937,818,018</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**PERENNIAL CASH TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

Under AASB 132 Financial Instruments: Presentation, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year and no items in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in Note 7.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PERENNIAL CASH TRUST
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	Year ended	
		30 June 2015	30 June 2014
		\$	\$
		Inflows / (Outflows)	Inflows / (Outflows)
Cash flows from operating activities			
Interest received		337,685	120,811
Proceeds from the sale of financial instruments held at fair value through profit or loss		3,460,550,079	4,926,778,393
Payments for the purchase of financial instruments held at fair value through profit or loss		(3,510,570,838)	(5,048,752,403)
Operating expenses paid		<u>(2,185,880)</u>	<u>(1,885,276)</u>
Net cash inflow/(outflow) from operating activities	12(b)	<u>(51,868,954)</u>	<u>(123,738,475)</u>
Cash flows from financing activities			
Proceeds from application of units		487,287,819	395,451,661
Payments for redemption of units		(430,024,051)	(272,331,361)
Distributions paid		<u>(1,393,877)</u>	<u>(2,469,764)</u>
Net cash inflow/(outflow) from financing activities		<u>55,869,891</u>	<u>120,650,536</u>
Net increase/(decrease) in cash and cash equivalents		4,000,937	(3,087,939)
Cash and cash equivalents at the beginning of the financial year		<u>3,483,898</u>	<u>6,571,837</u>
Cash and cash equivalents at the end of the financial year	12(a)	<u><u>7,484,835</u></u>	<u><u>3,483,898</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 1: GENERAL INFORMATION

This financial report covers Perennial Cash Trust ('the Scheme') as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme commenced operations on 30 July 2008. The Scheme will terminate on 30 July 2088 unless terminated earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is IOOF Investment Management Limited. The Responsible Entity's registered office is Level 6, 161 Collins Street, Melbourne, Victoria, 3000. The Responsible Entity's ABN number is 53 006 695 021.

The financial statements were authorised for issue by the Directors on 26 August 2015. The Directors of the Responsible Entity have the power to amend and reissue the financial report as considered necessary under the Scheme's Constitution.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied for all years presented, unless otherwise stated in the following text:

(a) Basis of preparation

The financial report is a general purpose financial report for the year ended 30 June 2015 which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Scheme complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical-cost basis except for financial instruments held at fair value through profit or loss and held for trading, which are measured at fair value. Financial instruments classified as loans and receivables are measured at amortised cost.

(b) Financial instruments

(i) Classification

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

• Financial instruments held for trading

These include futures, forward contracts, options and interest rate swaps. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held for trading. Derivative financial instruments entered into by the Scheme do not meet the hedge accounting requirements as defined by AASB 139. Consequently, hedge accounting is not applied by the Scheme.

• Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These include investments in fixed interest, equity instruments, and units in unlisted managed investment schemes.

The fair value through profit or loss classification is available for the majority of the financial assets held by the Scheme and the financial liabilities arising from the units must be fair valued. Therefore, not fair valuing the financial assets used in calculating the fair value of the liability would result in an accounting mismatch. In addition, the Scheme's performance and risk management are assessed on a fair value basis.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Financial assets that are classified as loans and receivables and measured at amortised cost include cash and cash equivalents, margin accounts, mortgages, loans and receivables.

Financial liabilities at amortised cost include margin accounts, distributions payable and other payables.

(ii) Recognition/derecognition

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date at which the Scheme becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

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

(iii) Measurement

Financial instruments held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition or issue recognised in the Statement of Comprehensive Income. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

The following represent the basis of valuation for financial assets and liabilities designated at fair value through profit or loss for financial reporting purposes:

Money Market Securities

Money Market Securities are fair valued using quoted 'mid' prices from an exchange.

Term Deposits

Investments in term deposits are recorded at the fair value of the investment determined to be the principal amount.

If a quoted market price is not available on a recognised stock exchange, from an investment's Responsible Entity or from the brokers / dealers for non-exchange-traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or valuation techniques, which include use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Derivative financial instruments

Derivative financial instruments are classified as held for trading, as the Scheme does not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market 'mid' prices in active markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

If a quoted market price is not available on a recognised stock exchange or from the brokers / dealers for non-exchange-traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or valuation techniques, which include use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses, if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, impairment testing is carried out and an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for funds and is regulated. The Australian dollar is also the Scheme's presentation currency.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to put the units back to the Scheme.

(e) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than investment or other purposes. Bank overdrafts are shown in current liabilities on the Statement of Financial Position, but are included within cash and cash equivalents for cash flow purposes.

(f) Investment income and expenses

Interest income and expenses, including interest income and expenses from non-derivative financial assets at fair value through profit and loss, are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including withholding tax, if any.

Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Comprehensive Income on the ex-dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short is accrued on the ex-dividend date and are recognised as a dividend in the Statement of Comprehensive Income. Income distributions from private equity investments and other managed investment schemes are recognised in the Statement of Comprehensive Income as trust distribution income when declared.

In some cases, the Scheme may receive or choose to receive dividends or distributions in the form of additional shares/units rather than cash. In such cases, the Scheme recognises the dividend or distribution income for the amount of the cash/dividend alternative with the corresponding debit treated as additional investments.

All expenses, including Responsible Entity fees and investment management fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

(g) Distribution and taxation

Under current tax legislation, the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's Constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

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

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Scheme may incur withholding tax imposed by certain countries on investment income. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(f). Amounts are generally received within 30 days of being recorded as receivables.

Amounts due from brokers which represent receivables that have been contracted for but not yet delivered by the end of the year are included in receivables. Trades are recorded on trade date and normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Scheme will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(i) Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at the reporting date. Amounts due to brokers which represents payables for securities purchased that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2015 under the Scheme's Constitution.

(j) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme.

All redeemable units issued by the Scheme provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statement the Scheme is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Scheme on disposal of its assets required to fund the redemptions. As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Scheme (excluding the unitholders' funds classified as a financial liability) and the contractual amount payable to unitholders, which is based on the redemption price.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Scheme's Constitution and Product Disclosure Statement.

(l) Goods and services tax (GST)

Management fees, custodial fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

(m) Increase/decrease in net assets attributable to unitholders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses are reflected in net assets attributable to unitholders. These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

(n) Finance costs

Distributions paid and payable on units are recognised in the Statement of Comprehensive Income as finance costs and as a liability until paid. Distributions paid are included in cash flow from financing activities in the Statement of Cash Flows.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Use of estimates

The preparation of the financial statement in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and, revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Scheme's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using other valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Where investments are held at Level 3, models use observable market data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Note 10 Financial Risk Management contains information about the estimation of fair values of financial instruments.

(p) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(q) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Scheme has a legal right to offset the amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

(r) Change in classification

Comparative information for the proceeds from the sale of financial instruments held at fair value through profit or loss and payments for the purchase of financial instruments held at fair value through profit or loss in the Statement of Cash Flows have been reclassified from investing activities to operating activities to align with current year classification. This is to reflect the view that the primary activities of the Scheme are the purchasing and selling of securities to earn a profit for unitholders.

(s) Changes in accounting policies

There were no changes in the accounting policies of the Scheme during the year.

(t) New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Scheme. The assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

AASB 9 *Financial Instruments* and its related amendments addresses the classification, measurement and derecognition of financial assets and liabilities. It has now introduced a new expected credit loss model for calculating impairment on financial assets and revised rules around hedge accounting. This standard is not applicable until 1 January 2017 but it is available for early adoption. Management have not yet assessed the impact of adopting this standard.

AASB 15 *Revenue from Contracts with Customers* will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risk and rewards. This standard is applicable for financial years commencing on or after 1 January 2018. Management have not yet assessed the impact of adopting this standard.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 3: DISTRIBUTIONS PAID AND PAYABLE

	Year ended			
	30 June 2015		30 June 2014	
	\$	CPU	\$	CPU
The distributions were paid/payable as follows:				
31 July paid	2,041,296	0.220	2,611,452	0.330
31 August paid	2,259,102	0.230	1,800,556	0.230
30 September paid	1,846,915	0.190	2,373,564	0.320
31 October paid	2,555,675	0.260	760,218	0.100
30 November paid	2,333,560	0.220	898,679	0.100
31 December paid	2,452,908	0.240	1,038,426	0.110
31 January paid	2,494,477	0.250	2,198,374	0.250
28 February paid	2,122,894	0.220	2,146,205	0.250
31 March paid	1,967,147	0.220	2,177,695	0.250
30 April paid	2,349,898	0.250	2,120,743	0.240
31 May paid	2,072,255	0.220	1,823,059	0.200
30 June final payable	<u>2,021,977</u>	<u>0.203</u>	<u>1,637,874</u>	<u>0.179</u>
	<u>26,518,104</u>	<u>2.723</u>	<u>21,586,845</u>	<u>2.559</u>

NOTE 4: INTEREST INCOME

The following table details the interest income earned by the Scheme during the year:

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
Interest income from financial assets that are not at fair value through profit or loss:		
Cash and cash equivalents	<u>337,685</u>	<u>122,464</u>
Total interest income	<u>337,685</u>	<u>122,464</u>

NOTE 5: NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
Financial assets		
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>28,760,071</u>	<u>25,337,833</u>

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 6: FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015	30 June 2014
	\$	\$
Designated at fair value through profit or loss		
Term deposits	478,291,002	380,502,766
Money market securities	<u>530,731,527</u>	<u>552,952,380</u>
Total designated at fair value through profit or loss	<u>1,009,022,529</u>	<u>933,455,146</u>
Total financial assets held at fair value through profit or loss	<u>1,009,022,529</u>	<u>933,455,146</u>
Comprising:		
<i>Term deposit</i>		
Term deposit	<u>478,291,002</u>	<u>380,502,766</u>
Total term deposits	<u>478,291,002</u>	<u>380,502,766</u>
<i>Money market securities</i>		
Certificates of deposit	464,344,000	500,137,930
Promissory notes	<u>66,387,527</u>	<u>52,814,450</u>
Total money market securities	<u>530,731,527</u>	<u>552,952,380</u>
Total financial assets held at fair value through profit or loss	<u>1,009,022,529</u>	<u>933,455,146</u>

NOTE 7: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	30 June 2015		30 June 2014	
	No. of units	\$	No. of units	\$
Balance 1 July	917,278,622	937,818,018	776,794,377	792,501,203
Applications	595,482,099	609,594,498	387,851,404	396,347,395
Reinvested distributions	24,189,706	24,740,127	19,819,923	20,234,466
Redemptions	(539,384,170)	(552,330,730)	(267,187,082)	(273,227,095)
Transfer to/(from) net assets attributable to unitholders' funds / Total Comprehensive Income	<u>-</u>	<u>383,269</u>	<u>-</u>	<u>1,962,049</u>
Balance 30 June	<u>997,566,257</u>	<u>1,020,205,182</u>	<u>917,278,622</u>	<u>937,818,018</u>

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Scheme. Units are issued and redeemed at the holder's option at prices based on the value of the Scheme's net assets at the time of issue/redemption less transaction costs.

Capital risk management

The Scheme manages its net assets attributable to unitholders (including distribution payable) as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

The Scheme monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme. During the year, the Scheme's strategy, which was unchanged from last year, was to ensure that there was no significant exposure to illiquid or thinly traded financial instruments.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 8: FINANCIAL INSTRUMENTS

Carrying amount versus fair values

The fair values of financial assets and financial liabilities approximates their carrying amounts in the Statement of Financial Position.

Fair value hierarchy

The Scheme's accounting policy on fair value measurements is discussed in Note 2.

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Scheme can access at measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2015				
Financial assets at fair value through profit or loss:				
Certificates of deposit	-	464,344,000	-	464,344,000
Promissary notes	-	66,387,527	-	66,387,527
Term deposits	-	<u>478,291,002</u>	-	<u>478,291,002</u>
	<u>-</u>	<u>1,009,022,529</u>	<u>-</u>	<u>1,009,022,529</u>
30 June 2014				
Financial assets at fair value through profit or loss:				
Certificates of deposit	-	500,137,930	-	500,137,930
Promissary notes	-	52,814,450	-	52,814,450
Term deposits	-	<u>380,502,766</u>	-	<u>380,502,766</u>
	<u>-</u>	<u>933,455,146</u>	<u>-</u>	<u>933,455,146</u>

The Scheme recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 June 2015.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 9: DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Scheme may enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar responses to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures, interest rate swaps and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- a substitution for trading of physical securities, and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio occurs if the level of exposure to the markets exceeds the underlying value of the Scheme.

As at 30 June 2015 and 30 June 2014, the Scheme did not hold any derivative financial instruments.

NOTE 10: FINANCIAL RISK MANAGEMENT

Strategy in using financial instruments

The Scheme is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including price risk and interest rate risk) arising from the financial instruments it holds.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's governing documents and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. As part of its risk management strategy, the Scheme may also utilise a range of derivative financial instruments to manage certain risk exposures.

The Responsible Entity via the Investment Manager assess the risk profile before entering into economic hedge transactions. The effectiveness of all hedge relationships is monitored by the Investment Manager (based on economic consideration rather than IFRS hedge accounting conditions) on a daily basis.

More details about risk management policies employed by the Scheme to manage financial risks are discussed below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme, resulting in a financial loss to the Scheme.

The Scheme is exposed to concentrations of risk when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties (either directly or indirectly).

The Scheme's Responsible Entity also manages credit risk by ensuring that a diversified portfolio of securities is held and that the Scheme does not invest in securities that are considered to be rated sub investment grade by a recognised rating agency.

The Scheme has a concentrations of credit risk exposure to counterparties in the banking sector. The total exposure to the banking sector is \$781,191,719 (2014: \$932,691,375). Exposure to each counterparty that was individually greater than 10% of the total Scheme assets in aggregate represented \$613,157,203 (2014: \$839,397,014).

As at 30 June 2015 and 30 June 2014, there are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 10 : FINANCIAL RISK MANAGEMENT (Continued)

The credit quality of financial assets is managed by the Scheme using Standard and Poor's rating categories, in accordance with the investment mandate of the Scheme. The Scheme's exposure in each grade is monitored on a daily basis. The review process allows the Responsible Entity to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality of the Scheme's debt securities.

Portfolio by rating category

	30 June 2015 %	30 June 2014 %
Rating		
AA+ to AA-	44.45	11.63
AA- to AA+	-	40.93
A+ to A-	<u>55.55</u>	<u>47.44</u>
Total description	<u>100.00</u>	<u>100.00</u>

In accordance with the Scheme's policy, the Responsible Entity monitors the Scheme's credit position on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

Liquidity and cash flow risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Scheme. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's liquidity position on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

Financial liabilities of the Scheme comprise distributions payable, other payables, and net assets attributable to unitholders. Distributions payable and other payables have no contractual maturities but are typically settled within 30 days. Net assets attributable to unitholders are payable on demand.

Market price risk

Market price risk is the risk that the changes in market price such as foreign exchange rates, interest rate and equity prices will affect the Scheme's income or the fair value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Scheme's Responsible Entity aims to reduce market risk through analysis of the economic cycle and broad research of companies and markets, which may impact the Scheme's investments. In addition, the Responsible Entity, within asset allocation ranges, reduces exposure to sectors they perceive to be overvalued in favour of sectors which they believe have the prospect of better relative returns.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's market risk on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

Market risk is not considered to be significant to the Scheme except in relation to investments in equity securities, listed and unlisted unit trust. This Scheme does not have investments in these securities at 30 June 2015 and 30 June 2014.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Responsible Entity establishes interest rate management strategies to manage the risk of the Scheme. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's overall interest sensitivity position on a daily basis and the Directors of the Responsible Entity review it on a quarterly basis.

PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NOTE 10 : FINANCIAL RISK MANAGEMENT (Continued)

The interest rate risk disclosures have been prepared on the basis of the Scheme's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosures of interest rate risk in the note may not represent the true interest rate risk profile of the Scheme where the Scheme has significant investments in unit trusts which also have exposure to the interest rate markets.

The table below summarises the Scheme's direct exposure to interest rate risks. It includes the Scheme's assets and trading liabilities at fair values, categorised by earlier of contractual re-pricing or maturity dates.

30 June 2015	Floating interest rate \$	Fixed interest rate			Non Interest bearing \$	Total \$
		Within 1 year \$	1 to 5 years \$	Over 5 years \$		
Assets						
Cash and cash equivalents	7,484,835	-	-	-	-	7,484,835
Receivables	-	-	-	-	5,915,152	5,915,152
Term deposits	-	478,291,002	-	-	-	478,291,002
Certificates of deposit	-	464,344,000	-	-	-	464,344,000
Promissory notes	-	66,387,527	-	-	-	66,387,527
Total assets	<u>7,484,835</u>	<u>1,009,022,529</u>	<u>-</u>	<u>-</u>	<u>5,915,152</u>	<u>1,022,422,516</u>
Liabilities						
Distributions payable	-	-	-	-	2,021,977	2,021,977
Other payables	-	-	-	-	195,357	195,357
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,217,334</u>	<u>2,217,334</u>
Net exposure	<u>7,484,835</u>	<u>1,009,022,529</u>	<u>-</u>	<u>-</u>	<u>3,697,818</u>	<u>1,020,205,182</u>

30 June 2014	Floating interest rate \$	Fixed interest rate			Non interest bearing \$	Total \$
		Within 1 year \$	1 to 5 years \$	Over 5 years \$		
Assets						
Cash and cash equivalents	3,483,898	-	-	-	-	3,483,898
Receivables	-	-	-	-	2,705,160	2,705,160
Term deposits	-	380,502,766	-	-	-	380,502,766
Certificates of deposit	-	500,137,930	-	-	-	500,137,930
Promissory notes	-	52,814,450	-	-	-	52,814,450
Total assets	<u>3,483,898</u>	<u>933,455,146</u>	<u>-</u>	<u>-</u>	<u>2,705,160</u>	<u>939,644,204</u>
Liabilities						
Distributions payable	-	-	-	-	1,637,874	1,637,874
Other payables	-	-	-	-	188,312	188,312
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,826,186</u>	<u>1,826,186</u>
Net exposure	<u>3,483,898</u>	<u>933,455,146</u>	<u>-</u>	<u>-</u>	<u>878,974</u>	<u>937,818,018</u>

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 10 : FINANCIAL RISK MANAGEMENT (Continued)

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in interest rates with all other variables held constant is indicated in the table below.

	Change in interest rate		Effect on net assets attributable to unitholders and profit or loss	
	Increase basis point	Decrease basis point	Decrease \$	Increase \$
30 June 2015				
Interest rate	100	(100)	(2,249,239)	2,249,239

	Change in interest rate		Effect on net assets attributable to unitholders and profit or loss	
	Increase basis point	Decrease basis point	Decrease \$	Increase \$
30 June 2014				
Interest rate	100	(100)	(1,033,563)	1,033,563

The Scheme does hold cash for liquidity and transactional purposes and this cash is held at floating rates of interest. As a result, the Scheme is not subject to a material exposure to interest rate risks due to fluctuations in the levels of market interest rates.

The Scheme did not hold any investments in IOOF Investment Management Limited or its related parties during the year.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 11: RELATED PARTY DISCLOSURES

Responsible Entity

The Responsible Entity of Perennial Cash Trust is IOOF Investment Management Limited.

The immediate parent entity and the ultimate controlling entity of IOOF Investment Management Limited is IOOF Holdings Ltd.

Key management personnel

Key management personnel include persons who are directors of IOOF Investment Management Limited during this reporting period and up to the date of this report:

Dr R. N. Sexton (Chairman)

Mr I. G. Griffiths

Ms J. Harvey

Mr C. F. Kelaher

Mr G. Venardos

Mr A. Griffiths (Appointed 14 July 2014)

Responsible Entity fees and other transactions

	30 June 2015	30 June 2014
	\$	\$
Responsible Entity fees	2,141,559	1,863,738
Responsible Entity fee payable	195,357	183,065

Under the terms of the Scheme's Constitution, the Responsible Entity, IOOF Investment Management Limited, is entitled to receive a maximum management fee of 5.00% per annum. The management fee charged by the Responsible Entity for the year was 0.21% per annum (2014: 0.21%).

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

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 11: RELATED PARTY DISCLOSURES (Continued)

Related party Scheme's unitholdings

IOOF Investment Management Limited, its related parties and other schemes managed by IOOF Investment Management Limited, held units in the Scheme as follows:

30 June 2015

Unitholder	Number of units	Number of units	Interest	Number of units	Number of units	Distributions paid/payable by the Scheme \$
	held opening No.	held closing No.	held %	acquired No.	disposed No.	
IOOF WealthBuilder Capital Guaranteed Fund	72,642,726	74,582,748	7.48	1,940,022	-	2,005,630
IOOF Portfolio Service Superannuation Fund *	28,295,706	23,090,171	2.31	10,359,387	15,564,922	699,674
IOOF Portfolio Service Investments *	2,171,603	1,923,281	0.19	556,214	804,536	51,946
The Portfolio Service Retirement Fund	48,690	34,025	-	-	14,665	1,091
Perennial Tactical Income Trust	80,999,511	53,714,211	5.38	34,363,021	61,648,321	2,062,997

30 June 2014

Unitholder	Number of units	Number of units	Interest	Number of units	Number of units	Distributions paid/payable by the Scheme \$
	held opening No.	held closing No.	held %	acquired No.	disposed No.	
IOOF WealthBuilder Capital Guaranteed Fund	70,724,893	72,642,726	7.92	1,917,833	-	1,836,603
IOOF Portfolio Service Superannuation Fund *	43,955,280	28,295,706	3.08	13,467,967	29,127,541	841,796
IOOF Portfolio Service Investments *	5,188,234	2,171,603	0.24	702,231	3,718,862	82,719
The Portfolio Service Retirement Fund	48,690	48,690	0.01	-	-	1,246
SMF Master Pooled Superannuation Trust	1,175,324	-	-	474,241	1,649,565	20,084
Perennial Tactical Income Trust	-	80,999,511	8.83	85,750,587	4,751,076	852,972

* The information for number of units acquired and disposed shown on this note is sourced from the underlying administration system in IOOF Portfolio Service. These amounts represent the movement in ultimate beneficiary interests in the Scheme and not the movement in units between the Scheme and IOOF Portfolio Service.

The Scheme did not hold any investments in IOOF Investment Management Limited or its related parties during the year.

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

NOTE 11: RELATED PARTY DISCLOSURES (Continued)

Key management personnel compensation

Key management personnel are remunerated by IOOF Investment Management Limited. Payments made from the Scheme to IOOF Investment Management Limited do not include any amount that is directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related parties at any time during the reporting period.

Other transactions within the Scheme

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors interests subsisting at year end.

Key Management Personnel Unitholdings

As at 30 June 2015 and 30 June 2014, no directors of the Responsible Entity held units in the Scheme.

NOTE 12: RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

(a) Cash and cash equivalents

	30 June 2015	30 June 2014
	\$	\$
Cash at bank	2,585	4,826
Deposits at call	<u>7,482,250</u>	<u>3,479,072</u>
	<u>7,484,835</u>	<u>3,483,898</u>

(b) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
Profit/(loss) for the year	-	-
Net (gains)/losses on financial instruments held at fair value through profit or loss	(28,760,071)	(25,337,833)
Increase/(decrease) in net assets attributable to unitholders	383,269	1,962,049
Distributions to unitholders	26,518,104	21,586,845
Proceeds from the sale of financial instruments held at fair value through profit or loss	3,460,550,079	4,926,778,393
Payments for the purchase of financial instruments held at fair value through profit or loss	(3,510,570,838)	(5,048,752,403)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(1,789)	(7,948)
Increase/(decrease) in payables	12,292	32,422
Net cash inflow/(outflow) from operating activities	<u>(51,868,954)</u>	<u>(123,738,475)</u>

**PERENNIAL CASH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

**NOTE 12: RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES
(Continued)**

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
(c) Non-cash financing activities		
Distributions re-invested	24,740,127	20,234,466
Proceeds from application for units	122,306,679	895,734
Payments for redemption of units	<u>(122,306,679)</u>	<u>(895,734)</u>
	<u>24,740,127</u>	<u>20,234,466</u>

As described in Note 2(m), non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e taxable).

NOTE 13: AUDITOR'S REMUNERATION

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
(a) Audit services		
Audit and review of the financial reports	7,347	7,080
Other regulatory audit services	<u>2,562</u>	<u>2,674</u>
Total remuneration for audit services	<u>9,909</u>	<u>9,754</u>
(b) Other services		
<i>Audit-related services</i>		
Taxation services	<u>2,285</u>	<u>2,285</u>
Total remuneration for other services	<u>2,285</u>	<u>2,285</u>

Auditor's remuneration is paid by the Responsible Entity.

NOTE 14: CONTINGENT ASSETS AND LIABILITIES AND CAPITAL COMMITMENTS

There are no outstanding contingent assets, liabilities or capital commitments as at 30 June 2015 and 30 June 2014.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

No significant events have occurred after the reporting date that affect the interpretation of the financial information contained within this report.



Contact details

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