

# **Navra Blue Chip Australian Share Retail Fund**

ARSN 104 384 974

## **Consolidated Financial Report - 30 June 2011**

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### Contents

	Page
Directors' Report	2
Auditor's independence declaration	4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in net assets attributable to unitholders	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	28
Independent auditor's report to the unitholders of Navra Blue Chip Australian Share Retail Fund	29

These financial statements cover Navra Blue Chip Australian Retail Share Fund as an individual entity and the consolidated entity consisting of Navra Blue Chip Australian Retail Share Fund and its subsidiaries.

The Responsible Entity of Navra Blue Chip Australian Retail Share Fund is NavraInvest Limited (ABN 46 101 355 239). The Responsible Entity's registered office is Suite 203, Level 2, 21 Berry Street, North Sydney, NSW 2060.

## Directors' Report

The directors of NavraInvest Limited, the Responsible Entity of Navra Blue Chip Australian Share Retail Fund present their report together with the consolidated financial statements of Navra Blue Chip Australian Share Retail Fund ("the Scheme") and its controlled entity (collectively, the "Consolidated Entity") for the year ended 30 June 2011.

### Directors

The following persons held office as directors of NavraInvest Limited during the year or since the end of the year and up to the date of this report:

Bleddyn Gambold  
 Stephen Navra  
 Edgar R Penter  
 William J Tootill  
 Louis Yu

### Principal activities

During the year, the Scheme invested in accordance with the provisions of the Scheme's Constitution and product disclosure statement.

The Scheme did not have any employees during the year.

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

### Review and results of operations

During the year, the Scheme continued to invest in accordance with target asset allocations as set out in the governing documents and in accordance with the provisions of the Constitution.

The following summarises the results of the Consolidated Entity's performance for the year ended 30 June 2011.

The Consolidated Entity's net gains from operations before finance costs for the current year was \$2,532,609 (2010: \$6,566,355).

Distribution paid and payable in respect of financial year were:

	<b>Consolidated</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Interim distributions paid to unitholders	1,443	9,218
Interim distributions paid to non-controlling interests	361	1,674
Final distributions paid to unitholders	337	-
Final distribution paid to non-controlling interests	136	-
<b>Total</b>	<b>2,277</b>	<b>10,892</b>
Interim distribution paid to unitholders (cents per unit)	3.00	6.30
Final distribution paid to unitholders (cents per unit)	1.08	-

### Interests in the Consolidated Entity

The movement in units on issue in the Consolidated Entity during the year is disclosed in note 5 to the financial statements.

### Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme except that the Scheme experienced significant redemptions during the year. However, the directors believe that the Scheme is still viable.

## Directors' Report (continued)

### 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 and in accordance with the provisions of the Constitution.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 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.

### Environmental regulation

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

### Fees paid to and interests held in the Scheme by the Responsible Entity or its related entities.

Fees paid to the Responsible Entity and its related entities out of Scheme property during the year are disclosed in note 8 to the financial statements.

The number of interests in the Scheme held by the Responsible Entity or its related entities as at the end of the financial year are disclosed in note 8 to the financial statements.

### Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of NavraInvest Limited or the auditors of the Scheme. So long as the officers of NavraInvest Limited act in accordance with the Scheme's Constitution and the law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

### Rounding of amounts to the nearest thousand dollars

The Scheme is an entity of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### Lead auditor's independence declaration

A copy of the Lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Stephen Navra  
Managing Director

Sydney  
29 September 2011

**NAVRA BLUE CHIP AUSTRALIAN SHARE RETAIL FUND**

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Navrainvest Limited as Responsible Entity for Navra Blue Chip Australian Share Retail Consolidated Fund:**

As lead auditor for the audit of Navra Blue Chip Australian Share Retail Fund for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Navra Blue Chip Australian Share Retail Fund and the entity it controlled during the period.



**Mark D Muller**  
Partner

**Sydney**  
**29 September 2011**

**Statement of comprehensive income**

		<b>Consolidated</b>	
		<b>30 June</b>	<b>30 June</b>
	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>			
Interest income		412	1,566
Dividend income		1,195	2,491
Distribution income		19	218
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	<u>1,567</u>	<u>4,404</u>
<b>Total income/(loss)</b>		<u><b>3,193</b></u>	<u><b>8,679</b></u>
<b>Expenses</b>			
Responsible Entity's fees	8	500	1,649
Transaction costs		58	133
Other expenses		<u>103</u>	<u>331</u>
<b>Total operating expenses</b>		<u><b>661</b></u>	<u><b>2,113</b></u>
<b>Net profit/(loss) before finance costs</b>		<u><b>2,532</b></u>	<u><b>6,566</b></u>
<b>Finance costs attributable to unitholders</b>			
Distributions paid and payable to unitholders of the parent entity	4	1,780	9,218
Distributions paid and payable to non-controlling interests	4	497	1,674
Change in net assets attributable to non-controlling interests		121	(783)
Change in net assets attributable to unitholders of the parent entity	5	134	(3,543)
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><b>-</b></u>	<u><b>-</b></u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Statement of financial position**

		<b>Consolidated</b>	
		<b>30 June</b>	<b>30 June</b>
	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents		1,504	21,219
Financial assets held at fair value through profit or loss	6	23,338	27,889
Receivables	7	264	854
Due from brokers - receivable for securities sold		739	-
<b>Total assets</b>		<u>25,845</u>	<u>49,962</u>
<b>Liabilities</b>			
Distributions payable to unitholders of the parent entity	4	337	-
Distributions payable to non-controlling interests	4	136	-
Payables		59	496
Due to brokers - payable for securities purchased		100	4,345
Net assets attributable to non-controlling interests		4,735	8,380
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>5,367</u>	<u>13,221</u>
<b>Net assets attributable to unitholders</b>	5	<u>20,478</u>	<u>36,741</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**Navra Blue Chip Australian Share Retail Fund**  
**Statement of changes in net assets attributable to unitholders**  
**For the year ended 30 June 2011**

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**Statement of changes in equity**

	30 June 2011 \$	30 June 2010 \$
<b>Total equity at the beginning of the year</b>	-	-
Profit/(loss) for the year	-	-
Total comprehensive income for the year	-	-
<b>Total recognised Income and expense for the financial year</b>	-	-
Transactions with owners in their capacity as equity holders	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, 'Net assets attributable to unitholders' is classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of cash flows

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
Note	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Dividend received	1,329	2,906
Interest received	508	1,630
Responsible Entity's fees paid	(675)	(2,048)
Other expenses paid	(61)	(133)
Proceeds from sale of investments held at fair value through profit or loss	62,396	230,746
Payments for purchase of investments held at fair value through profit or loss	(61,261)	(202,361)
<b>Net cash inflow from operating activities</b>	<b>2,236</b>	<b>30,740</b>
10(a)		
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	2,098	26,754
Payments for redemptions by unitholders	(22,660)	(110,453)
Distributions paid to unitholders of the Scheme	(1,111)	(10,481)
Distributions paid to external unitholders of the subsidiary	(278)	(2,218)
<b>Net cash outflow from financing activities</b>	<b>(21,951)</b>	<b>(96,398)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,715)</b>	<b>(65,658)</b>
Cash and cash equivalents at the beginning of the year	21,219	86,877
<b>Cash and cash equivalents at the end of the year</b>	<b>1,504</b>	<b>21,219</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 General information

These financial statements cover Navra Blue Chip Australian Retail Share Fund ("the Scheme") as a Consolidated Entity, consisting of Navra Blue Chip Australian Retail Share Fund and its subsidiary. The Scheme is an Australian registered managed scheme and was constituted on 14 April 2003. The Scheme will terminate on 13 April 2083 unless terminated earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme and the Consolidated Entity is NavraInvest Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 203, Level 2, 21 Berry Street, North Sydney, NSW 2060.

The financial statements were authorised for issue by the directors of the Responsible Entity on 29 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The nature of the operating and principal activities of the Scheme and Consolidated Entity are disclosed in the Directors' report.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

These general purpose financial statements has been prepared in accordance with the Scheme's constitution and Australian Accounting Standards, and the *Corporations Act 2001* in Australia.

The financial statements are presented in Australian dollars and are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined.

#### *Statement of Compliance*

The financial statements have been prepared in accordance with the Australian Accounting Standards and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Navra Blue Chip Australian Retail Share Fund ("the parent entity") as at 30 June 2011 and the results of its subsidiary for the year then ended. Navra Blue Chip Australian Retail Share Fund and its subsidiary together are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Scheme has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Scheme controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Scheme. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Scheme.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Scheme.

Non-controlling interests in the results and net assets of subsidiary are shown separately in the statement of comprehensive income and statement of financial position respectively.

## 2 Summary of significant accounting policies (continued)

### (c) Parent entity financial information

The financial information for the parent, Navra Blue Chip Australian Share Retail Fund is disclosed in note 12 has been prepared on the same basis as the consolidated financial statements.

### (d) Financial instruments

#### (i) Classification

The Scheme and the Consolidated Entity's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments held for trading

Financial instruments such as equity securities and unlisted unit trusts are included under this classification. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. The Scheme does not designate any derivatives as hedges in a hedging relationship.

#### (ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cashflows from the investments has expired or the Scheme has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

- Financial assets and liabilities 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 excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. 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.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current offer prices.

- Fair value in an inactive or unquoted market

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

## 2 Summary of significant accounting policies (continued)

### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (e) 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 redeem units in the Scheme.

### (f) Investment income

Interest income and expense is recognised in the statement of comprehensive income for all debt instruments that are not held at fair value through profit or loss using the effective interest method. 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(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Scheme and the Consolidated Entity estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis as the Scheme is presently entitled to the distributable income of its investee trusts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Realised gains or losses are calculated as the difference between proceeds received from the sale of investments during the year (net of transaction costs) and their respective original costs. Unrealised gains or losses include all unrealised gains or losses recognised during the year on investments held at year end, adjusted for the reversal of previously recognised unrealised gains or losses on investments sold.

### (g) Expenses

All expenses, including Responsible Entity's fees, are recognised in the statement of comprehensive income on an accruals basis.

### (h) Income tax

Under current legislation, the Scheme and the Consolidated Entity is not subject to income tax, provided the taxable income of the Scheme and Consolidated Entity is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to all of the income of the Scheme).

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 are retained in the Scheme to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

## 2 Summary of significant accounting policies (continued)

### (i) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

### (j) Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

### (k) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as custodial and management fees, have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence custodial and management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. 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.

### (l) Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities held for trading are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

### (m) 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 end of each reporting period from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as RITC and application monies receivable from unitholders.

### (n) Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid at reporting date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statements of financial position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

## 2 Summary of significant accounting policies (continued)

### (o) 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. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

### (p) Use of estimates

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 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.

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

### (q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)*

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013. The current four categories of financial assets, stipulated in AASB 139 *Financial Instruments: Recognition and Measurement*, will be replaced with two measurement categories: fair value and amortised cost. AASB 9 only permits the recognition of fair value gains/(losses) in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains/(losses) on debt investments, for example, will therefore have to be recognised directly in statement of comprehensive income. The Scheme does not expect any significant impact on the Scheme's financial statements arising from an adoption of the Standard.

(ii) *AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets (effective from 1 July 2011)*

In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures on Transfers of Financial Assets* which amends AASB 1 *First-time Adoption of Australian Accounting* and AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Scheme's disclosures. The Scheme intends to apply the amendment from 1 July 2011.

(iii) *Amendments to AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 July 2010 / 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

## 2 Summary of significant accounting policies (continued)

### (q) New accounting standards and interpretations (continued)

(iv) IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities*. IFRS 10 provides further clarity on the concept of control and IFRS 12 enhances disclosure requirements for subsidiaries. The AASB is yet to release Australian equivalent standards but the Scheme is in the process of assessing the impact based on the international standards. From initial review of IFRS 10, application is not expected to result in any material impact for the Scheme based on the current group structure. With regards to IFRS 12, this is likely to lead to some increased disclosure around non-controlling interests.

(v) IFRS 13 *Fair value measurement* (effective from 1 January 2013)

In May 2011, the IASB issued IFRS 13 *Fair value measurement*, which establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value, including information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The valuation of a financial instrument will be assessed based on the facts at the date of initial application. The AASB is yet to release the Australian equivalent standard, but the Scheme is in the process of assessing the impact based on the international standards.

### (r) Unit Price

The unit price is based on unit price accounting outlined in the Scheme's Constitution and product disclosure statement; and are calculated as the net assets attributable to unitholders of the Scheme, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

### (s) Terms and conditions of units

Each unit issued confers upon the unitholder an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the *Corporation Act 2001* including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to each unit are identical in all respects.

### (t) Rounding of amounts

The Scheme is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### 3 Net gains/(losses) on financial instruments held at fair value through profit or loss

	Consolidated	
	30 June 2011 \$'000	30 June 2010 \$'000
Net unrealised losses on financial instruments held for trading through profit or loss	(723)	(2,899)
Net realised gains on financial instruments held for trading through profit or loss	<u>2,290</u>	<u>7,303</u>
<b>Net gains/(losses) on financial assets held at fair value through profit or loss</b>	<b><u>1,567</u></b>	<b><u>4,404</u></b>

### 4 Distributions to unitholders

The distributions for the year were as follows:

	Consolidated			
	30 June 2011 \$'000	30 June 2011 CPU	30 June 2010 \$'000	30 June 2010 CPU
Distributions paid to the unitholders of the Scheme - September	742	1.50	3,076	1.80
Distributions paid to the unitholders of the Scheme - December	371	0.75	3,402	2.00
Distributions paid to the unitholders of the Scheme - March	330	0.75	2,740	2.50
Distributions payable to the unitholders of the Scheme - June	337	1.08	-	-
Distributions paid to the non-controlling interests - September	184	-	541	-
Distributions paid to the non-controlling interests - December	37	-	520	-
Distributions paid to the non-controlling interests - March	140	-	613	-
Distributions payable to the non-controlling interests - June	136	-	-	-
	<u>2,277</u>	-	<u>10,892</u>	-

## 5 Net assets attributable to unitholders

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

	30 June		Consolidated	
	2011	2010	2011	2010
	Units '000	Units '000	\$'000	\$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	56,005	158,215	36,741	114,477
Applications	2,095	32,498	1,434	24,469
Redemptions	(26,738)	(134,708)	(17,831)	(98,662)
Change in net assets attributable to unitholders	-	-	134	(3,543)
Closing balance	<u>31,362</u>	<u>56,005</u>	<u>20,478</u>	<u>36,741</u>

Included in applications are distributions paid of \$331,713 (486,345 units) (2010: \$1,537,771 (2,048,660 units)) reinvested in the Scheme.

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 attaching to it as all other units of the Scheme.

### Capital risk management

The Scheme considers its net assets attributable to unitholders 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 Fund monitors the level of daily applications and redemptions relative to the liquid assets in the fund. Liquid assets include cash and cash equivalents and listed equities included on the Australian Securities Exchange. The ratio of liquid assets to net assets attributable to unitholders at 30 June 2011 and 30 June 2010 were as follows:

	Consolidated	
	30 June	30 June
	2011	2010
	\$'000	\$'000
Liquid assets of the fund	24,842	49,108
Net assets attributable to unitholders	20,478	36,741
Ratio of liquid assets to net assets attributable to unitholders	<u>121.31%</u>	<u>133.66%</u>

## 6 Financial assets held at fair value through profit or loss

	Consolidated	
	30 June	30 June
	2011	2010
	Fair value	Fair value
	\$'000	\$'000
<b>Held for trading</b>		
Equities	<u>23,338</u>	<u>27,889</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>23,338</u>	<u>27,889</u>

An overview of the risk exposure relating to financial assets held at fair value through profit and loss is included in note 11.

## 7 Receivables

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Distribution receivables	<b>235</b>	350
Interest receivable	<b>12</b>	108
Other	<b>17</b>	396
<b>Total receivables</b>	<b><u>264</u></b>	<u>854</u>

## 8 Related party transactions

### Parent entities

The parent entity is Navra Blue Chip Australian Share Retail Fund. Navra Blue Chip Australian Share Retail Fund at 30 June 2011 owns 21,735,725 (2010: 38,999,960) of the units of Navra Blue Chip Australian Share Income Fund.

### Responsible Entity

The Responsible Entity of Navra Blue Chip Australian Share Retail Fund is NavraInvest Limited.

The Scheme does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Scheme and this is considered the key management personnel with authority for strategic direction and management of the Scheme.

### Key management personnel

#### (a) Directors

Key management personnel includes persons who were directors of NavraInvest Limited at any time during the financial year and up to the date of this report as follows:

Bleddyn Gambold  
Stephen Navra  
Edgar R Penter  
William J Tootill  
Louis Yu

#### (b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the financial year.

### Key management personnel unitholdings

As at 30 June 2011, Elizabeth Penter held 99,920 units (2010: 107,345 units) of the Navra Blue Chip Australian Share Retail Fund.

### Related party unitholdings

As at 30 June 2011, the Responsible Entity had a direct interest of nil units in the Scheme (2010: nil).

## 8 Related party transactions (continued)

### (i) Related party investments of the Scheme

Details of the Scheme's investment in other managed investment schemes for which NavraInvest Limited is also the Responsible Entity are set out below:

	Consolidated					
	Number of units held No.	Fair value of investment \$	Interest held (%)	Number of units acquired No.	Number of units disposed No.	Distributions received/ receivable by the Scheme \$
Navra Blue Chip Australian Share Income Fund	21,735,725	20,262,043	81.05	1,782,007	19,046,242	2,377,309
Total	<u>21,735,725</u>	<u>20,262,043</u>		<u>1,782,007</u>	<u>19,046,242</u>	<u>2,377,309</u>

	Consolidated					
	Number of units held No.	Fair value of investment \$	Interest held (%)	Number of units acquired No.	Number of units disposed No.	Distributions paid/payable by the Scheme \$
Unitholder						
Navra Blue Chip Australian Share Income Fund	38,999,960	36,737,963	81.42	24,253,892	95,032,890	10,945,025
Total	<u>38,999,960</u>	<u>36,737,963</u>		<u>24,253,892</u>	<u>95,032,890</u>	<u>10,945,025</u>

### (ii) Related party investments in the Scheme

Details of the investments in the Scheme by the Responsible Entity or other Schemes also managed by the Responsible Entity are set out below:

	Consolidated					
	Number of units held No.	Fair value of investment \$	Interest held %	Number of units acquired No.	Number of units disposed No.	Distributions received/ receivable by the external unitholder \$
Navra Structured Property Fund (direct holdings)	2,643,404	1,724,821	8.43	-	-	80,164
Navra Structured Property Fund (indirect holdings)	5,156,510	3,364,623	16.44	-	-	156,377
Total	<u>7,799,914</u>	<u>5,089,444</u>		<u>-</u>	<u>-</u>	<u>236,541</u>

## 8 Related party transactions (continued)

### (ii) Related party investments in the Scheme (continued)

2010	Consolidated					
	Number of units held No.	Fair value of investment \$	Interest held %	Number of units acquired No.	Number of units disposed No.	Distributions received/ receivable by the external unitholder \$
Navra Structured Property Fund (direct holdings)	2,643,404	1,731,958	4.76	2,643,404	-	-
Navra Structured Property Fund (indirect holdings)	<u>5,156,510</u>	<u>3,378,545</u>	<u>9.24</u>	<u>5,156,510</u>	-	<u>53,000</u>
<b>Total</b>	<u>7,799,914</u>	<u>5,110,503</u>		<u>7,799,914</u>	-	<u>53,000</u>

(iii) Non controlling interest by external unitholders held in the subsidiary are set out below:

	Fair value of investment		Interest held		Distributions received/receivable		Units acquired during the year		Units disposed during the year	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	%	%	\$'000	\$'000	No. '000	No. '000	No. '000	No. '000
Navra Blue Chip Australian Share Wholesale Fund	<u>4,736</u>	<u>8,384</u>	18.94	18.58	<u>498</u>	<u>1,674</u>	<u>738</u>	<u>1,488</u>	<u>4,558</u>	<u>11,494</u>
	<u>4,736</u>	<u>8,384</u>			<u>498</u>	<u>1,674</u>	<u>738</u>	<u>1,488</u>	<u>4,558</u>	<u>11,494</u>

This Scheme is also managed by the Responsible Entity.

### Responsible Entity's fees and other transactions

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Scheme and the Responsible Entity were as follows:

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
Responsible Entity's fees paid and payable directly by the Scheme	<u>500,016</u>	<u>1,649,094</u>
Fees payable to the Responsible Entity as at reporting date (included in payables)	<u>58,487</u>	<u>158,701</u>

### Key management personnel compensation

No amount is paid by the Scheme directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the directors as Key Management Personnel.

Compensation is paid to the Responsible Entity in the form of fees as disclosed above.

## 8 Related party transactions (continued)

### 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 entities at any time during the reporting period.

### Other transaction within the Scheme

From time to time director of the Scheme, or their director related entities, may invest in or withdraw from the Scheme. This investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

## 9 Auditor's remuneration

During the year the following fees were paid or payable by the Responsible Entity for services provided by the auditor of the Scheme:

	Consolidated	
	30 June 2011 \$	30 June 2010 \$
<b>Audit and audit related services</b>		
HLB Mann Judd		
Audit and review services	38,240	37,950
Taxation and other services	25,128	4,334
<b>Total remuneration for audit and audit related services</b>	<u>63,368</u>	<u>42,284</u>

## 10 Reconciliation of net profit/(loss) attributable to unitholders to net cash inflow from operating activities

	Consolidated	
	30 June 2011 \$'000	30 June 2010 \$'000
<b>(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash flows from operating activities</b>		
Net profit attributable to unitholders	2,532	6,566
Decrease in dividends/distributions receivable	115	261
Decrease in interest and other receivables	458	-
Decrease in payables	(437)	(68)
Changes in the fair value of investments	(1,567)	(4,404)
Proceeds from sale of investments	62,396	230,746
Payments for purchase of investments	(61,261)	(202,361)
<b>Net cash inflow from operating activities</b>	<u>2,236</u>	<u>30,740</u>

### (b) Components of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash at bank	1,504	21,219
<b>Total cash and cash equivalents</b>	<u>1,504</u>	<u>21,219</u>

### (c) Non-cash financing and investing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	<u>332</u>	<u>1,537</u>
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## 11 Financial risk management

### (a) Overview

The allocation of assets between the various types of financial instruments is determined by the Consolidated Entity's Asset Manager who manages the Consolidated Entity's assets to achieve the Consolidated Entity's investment objectives.

Divergence from target asset allocations and the composition of the assets is monitored on a regular basis.

NavraInvest Limited, as Responsible Entity of the Consolidated Entity, is aware of the risks associated with the business of investment management. A financial risk management framework has been established within Navra Limited which incorporates a regular assessment process to ensure that procedures and controls adequately manage the risks arising from current business activities.

Central controls include (but are not limited to):

- integrated computer systems and processes with checks and balances;
- clear policies and procedures covering operations;
- post-trade investment compliance monitoring by outsourced arrangement;
- segregation of the dealing and investment management function from the administration and settlement function;
- an independent service provider for the valuation of securities;
- a compliance function within NavraInvest Limited with a separate reporting line from the Asset Management team; and
- a half-yearly self-assessment process.

The Consolidated Entity's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Consolidated Entity are discussed below. This note presents information about the the Consolidated Entity's exposure to each of the above risks, the Consolidated Entity's objectives, policies and processes for measuring and managing risk.

The Board of Directors of NavraInvest Limited has overall responsibility for the establishment and oversight of the Consolidated Entity's financial risk management framework.

A risk management framework is in operation in NavraInvest Limited. As part of this framework, NavraInvest Limited is subject to regular reporting and committee meetings regarding risk and compliance issues. The purpose is to facilitate a flow of information between the business and the NavraInvest Limited Board and Committees. Any material matters identified are promptly investigated and reported as outlined in the procedures.

The Board of Directors oversees how management monitors compliance with the Consolidated Entity's financial risk management policies and procedures. The Board of Directors ensures the continued adequacy of the financial risk management framework.

There are no changes in the strategies used to manage the financial risks from previous period.

### (b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Consolidated Entity's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

## 11 Financial risk management (continued)

### (b) Market risk (continued)

The Consolidated Entity are exposed to market risks influencing investment valuations. The Consolidated Entity may utilise derivatives to manage this risk however at 30 June 2011 derivatives were not used (30 June 2010: derivatives were not used).

#### (i) Currency risk

Schemes that invests in international assets are exposed to currency risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Asset Managers may enter into derivative contracts (such as forwards, swaps, options and futures) through approved foreign exchange dealers to minimise risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each Scheme, and agreed acceptable level of currency risk.

As per the Product Disclosure Statement the Scheme can invest in international assets. At the reporting date, the Consolidated Entity holds no significant investment in international assets.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant to the Consolidated Entity and is limited to its non-interest-bearing with only cash and cash equivalents being directly subject to interest rate risk.

Interest income from cash holdings is earned at variable interest rates. The weighted average interest rate earned on cash holdings for the year ended 30 June 2011 for Consolidated Entity was 0.04% (2010: 2.86%). Investments in cash holdings are at call.

The Consolidated Entity's exposure to interest rate risk is set out below:

	Floating interest rate \$'000	more than 1 and less than 3 months \$'000	more than 3 and less than 12 months \$'000	1 year to 5 years \$'000	more than 5 years \$'000	Total \$'000
<b>30 June 2011</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	1,504	-	-	-	-	1,504
	Floating interest rate \$'000	more than 1 and less than 3 months \$'000	more than 3 and less than 12 months \$'000	1 year to 5 years \$'000	more than 5 years \$'000	Total \$'000
<b>30 June 2010</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	21,219	-	-	-	-	21,219

## 11 Financial risk management (continued)

### (b) Market risk (continued)

#### *(iii) Other market price risk*

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Consolidated Entity's investments are carried at fair value with fair value changes recognised in the consolidated statements of comprehensive income, all changes in market conditions will directly affect net investment income.

Risk management techniques are used in the selection of investments. Securities/investments (including derivatives) are only purchased that meet investment criteria.

Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these limit restrictions reported.

### Sensitivity analysis

#### **Consolidated Entity**

An increase/decrease of 10% at the reporting date of the underlying investments' prices would have increased/decreased profit/(loss) from operating activities by \$2,333,765 (2010: \$2,788,880). This analysis assumes that all other variables remain constant.

#### **Scheme**

An increase/decrease of 10% at the reporting date of the underlying investments' prices would have increased/decreased profit/(loss) from operating activities by \$2,026,204 (2010: \$3,673,796). This analysis assumes that all other variables remain constant.

### (c) 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 Consolidated Entity. Navralinvest Limited has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

With respect to credit risk arising from the financial assets of the Scheme and the Consolidated Entity, other than derivatives, the Consolidated Entity's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed on the consolidated statements of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk is not considered to be significant to the Consolidated Entity as the settlement of all trades are made on a delivery against payment basis.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1 (as determined by Standard & Poor's rating agency) or higher.

### (d) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due.

The Scheme's Product Disclosure Statements provide for daily redemption of units and it is therefore exposed to liquidity risk of meeting unitholders' redemption at any time.

The Consolidated Entity's financial instruments include unlisted investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Consolidated Entity may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity.

## 11 Financial risk management (continued)

### (d) Liquidity risk (continued)

The investment management process includes the consideration of liquidity, both in terms of market quality and cash flow. In asset construction, securities/investments (including derivatives) are only purchased that meet investment criteria and this includes the assessment of saleability in different market conditions. Before entering into a transaction, consideration is given (among others):

- whether the purpose of the investment is consistent with the investment strategy of the Consolidated Entity;
- the ease of selling the security should market conditions change unfavourably;
- whether there are sufficient assets to cover the underlying liabilities of that transaction, and;
- the overall liquidity level for the Consolidated Entity.

The following table represents the contractual maturities of financial liabilities, including interest payments where applicable:

Consolidated 30 June 2011	Carrying Amount \$'000	Contractual cash flow \$'000	At call \$'000	6 months or less \$'000
<b>Non-derivative financial liabilities</b>				
Distributions payable to unitholders of the Scheme	337	337	-	337
Distributions payable to non-controlling interests	136	136	-	136
Sundry creditors and accruals	59	59	-	59
Due to brokers - payable for securities purchased	100	100	-	100
Net assets attributable to non-controlling interest	4,735	4,735	-	4,735
Net assets attributable to unitholders of the Scheme	<u>20,478</u>	<u>20,478</u>	<u>20,478</u>	<u>-</u>
Total	<u>25,845</u>	<u>25,845</u>	<u>20,478</u>	<u>5,367</u>

Consolidated 30 June 2010	Carrying Amount \$'000	Contractual cash flow \$'000	At call \$'000	6 months or less \$'000
<b>Non-derivative financial liabilities</b>				
Due to brokers - payable for securities purchased	4,345	4,345	-	4,345
Sundry creditors and accruals	496	496	-	496
Net assets attributable to non-controlling interest	8,380	8,380	-	8,380
Net assets attributable to unitholders of the Scheme	<u>36,741</u>	<u>36,741</u>	<u>36,741</u>	<u>-</u>
Total	<u>49,962</u>	<u>49,962</u>	<u>36,741</u>	<u>13,221</u>

Financial instruments at fair value through profit or loss where there are no contractual cash flows are disclosed based on the financial instruments' fair value at 30 June and their expected maturity at this date. In management's view the contractual and expected maturities are the same for the Consolidated Entity.

### (e) Fair value estimation

All financial assets and financial liabilities included in the statement of financial position are carried at fair value.

The carrying amounts of all the Consolidated Entity's financial assets and financial liabilities at the end of each reporting period approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

## 11 Financial risk management (continued)

### (e) Fair value estimation (continued)

The carrying amounts of the Consolidated Entity's assets and liabilities at the end of each reporting date approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. 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 statements of comprehensive income.

#### (i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Consolidated Entity values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Consolidated Entity relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Consolidated Entity holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair value for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

As a result of events in global markets in the past year and comparative period, liquidity in some investment markets decreased significantly. As a result, the volume of trading in some of the investments held by the Consolidated Entity decreased significantly, and accordingly the valuation of those investments is subject to a greater uncertainty and requires greater judgement than would be the case in normal investment market conditions.

#### (ii) Fair value in an inactive or unquoted market

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

### (f) Fair value hierarchy

The Consolidated Entity classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## 11 Financial risk management (continued)

### (f) Fair value hierarchy (continued)

The table below sets out the Consolidated Entity's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

<b>Consolidated - as at 30 June 2011</b>	<b>Level 1 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>		
Financial assets designated at fair value through profit or loss at inception:		
Equity securities	<u>23,338</u>	<u>23,338</u>
<b>Total</b>	<u><b>23,338</b></u>	<u><b>23,338</b></u>
<b>Consolidated - as at 30 June 2010</b>	<b>Level 1 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>		
Financial assets designated at fair value through profit or loss at inception:		
Equity securities	<u>27,889</u>	<u>27,889</u>
<b>Total</b>	<u><b>27,889</b></u>	<u><b>27,889</b></u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, traded on Australian stock exchange.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, investment in unlisted managed investment scheme. As level 2, investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

## 12 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity show the following amounts:

<b>Statement of financial position</b>	<b>Parent As at</b>	
	<b>30 June 2011 \$'000</b>	<b>30 June 2010 \$'000</b>
Cash and cash equivalents	30	131
Loans and receivables	598	388
Due from brokers - receivable for securities sold	-	309
Financial assets held at fair value through profit or loss	20,262	36,738
Distributions payable to unitholders of the Scheme	337	-
Due to brokers - payable for securities purchased	<u>59</u>	<u>815</u>
<b>Net assets attributable to unitholders - liability</b>	<u><b>20,493</b></u>	<u><b>36,751</b></u>

## 12 Parent entity financial information (continued)

### (a) Summary financial information (continued)

Statement of comprehensive income	Parent	
	30 June 2011 \$'000	30 June 2010 \$'000
Profit/(loss) before finance costs attributable to unitholders	1,919	5,589
Finance costs attributable to unitholders		
Distributions to unitholders	(1,780)	(9,218)
Change in net assets attributable to unitholders	(139)	3,629
Total comprehensive income for the year	-	-

### (b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	Scheme	
	30 June 2011 \$'000	30 June 2010 \$'000
	-	-

### (c) Contingent assets and liabilities, and commitments of the Parent Entity

The Parent Entity did not have any contingent assets and liabilities, and commitments as at 30 June 2011 or 30 June 2010.

## 13 Events occurring after the end of the reporting period

Changes since the reporting date in the market values of investments, net distributions, contributions and redemptions held by the fund has impacted the total value of financial assets held by the fund. As at 31 August 2011, the total market value of assets held by the fund was \$17,338,685 compared with \$20,548,295 as at 30 June 2011, a decrease of 15.62%.

Except for the matter disclosed above, no other significant events have occurred since the reporting date which would impact on the statement of financial position of the Consolidated Entity disclosed in the statement of financial position as at 30 June 2011 or on the results and cash flows of the Consolidated Entity for the year ended on that date.

## 14 Contingent assets, liabilities and commitments

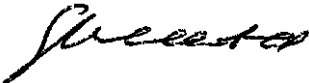
There are no outstanding contingent assets or liabilities as at 30 June 2011 (2010: \$Nil).

## Directors' declaration

In the opinion of the directors of NavraInvest Limited, the Responsible Entity of Navra Blue Chip Australian Share Retail Fund:

- (a) the financial statements and notes set out on pages 5 to 27 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, (including the Australian Accounting interpretations) and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable, and
- (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).

This declaration is made in accordance with a resolution of the directors.



Stephen Navra  
Managing Director

Sydney  
29 September 2011

**NAVRA BLUE CHIP AUSTRALIAN SHARE RETAIL FUND  
ARSN 104 384 974**

**INDEPENDENT AUDITOR'S REPORT**

**To the unitholders of Navra Blue Chip Australian Share Retail Fund:**

We have audited the accompanying financial report of Navra Blue Chip Australian Share Retail Fund ("the Scheme"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the Scheme and the entities it controlled at the year's end or from time to time during the financial year.

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

The directors of the Responsible Entity, NavraInvest Limited, 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, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

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

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**NAVRA BLUE CHIP AUSTRALIAN SHARE RETAIL FUND****ARSN 104 384 974****INDEPENDENT AUDITOR'S REPORT (continued)*****Matters relating to the electronic presentation of the audited financial report***

This auditor's report relates to the financial report of Navra Blue Chip Australian Share Retail Fund for the financial year ended 30 June 2011 included in NavraInvest Limited's website. The directors are responsible for the integrity of the NavraInvest Limited's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Responsible Entity, NavraInvest Limited on 29 September 2011 would be in the same terms if provided to the directors as at the time of this auditor's report.

***Auditor's Opinion***

In our opinion:

- (a) the financial report of Navra Blue Chip Australian Share Retail Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year 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.

**HLB MANN JUDD  
Chartered Accountants**  
**Mark D Muller  
Partner****Sydney  
30 September 2011**