35 LATITUDE DEVELOPMENT FUND

ARSN 620 185 266

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

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35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Directors of the Responsible Entity, Vasco Trustees Limited, present their report on the 35 Latitude Development Fund ("the Fund") for the year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

1. Directors

The names of Directors of the Responsible Entity in office at any time during the financial year were:

Craig Mathew Dunstan

Fiona Jean Dunstan

Stephen George Hawkins (retired 2 July 2019)

Jonathan William Martin

Reginald Bancroft (appointed 2 July 2019)

2. Principal Activities

The principal activities of the Fund are to generate returns to investors through real estate development activities.

The Fund was established on 29 February 2016 and issued the first units on the commencement date of 29 July 2016.

3. Operating Results

The operating loss of the Fund for the financial year ending 30 June 2020 was $386,022 (2019: loss: $218,035).

4. Review of Operations

During the period since inception the Fund has issued 14,036,089 units.

During the financial year 1,396,832 units have been issued and the Fund had 87 investors as at 30 June 2020.

On 29 May 2020 a Supplementary Product Disclosure Statement (SPDS) was issued in relation to the Fund.

As at 30 June 2020 the Fund's investments classified as inventories comprised the following:

Investment	**$**
124 The Boulevarde, Toronto	705,099
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	1,109,952
JV Waratah Golf Course	62,989
404-406 Lake Rd, Argenton	3,722,890
10 Faucett St, Blackalls Park	1,237,941
11a Dickinson St, Charlestown	3,742,333
Morgan St, Dubbo	2,691,860
300 Main Road, Fennell Bay	-
38 French Rd, Wangi Wangi	571,778
Total	**13,844,842**

4. Review of Operations (continued)

The Directors of the Responsible Entity resolved to change the name of Vasco Investment Managers Limited to Vasco Trustees Limited during the year, to better reflect the activities of the company as a corporate trustee and fiduciary. The ACN and other details remain unchanged.

During the financial year, the properties held by Main Road Unit Trust reached completion. The properties began settling in October 2019, with the final settlement taking place in April 2020.

In June 2020, the properties held by Argenton Lake Unit Trust and Dickinson Pacific Unit Trust reached Stage 4, meaning the development project is complete and ready to sell. Settlements of the properties began to take place in July 2020.

To date, there has been very little impact from Covid-19 in relation to the development projects. Construction timelines, contractor availability and material supply to date has been unaffected, and as restrictions continue to ease, there is no foreseeable detrimental effect to this side of operations.

Whilst sales enquiry through agent partners has reduced, most in the industry are reporting that those enquiries are of a higher quality and property values (particularly in mid-priced suburbs) are largely unaffected. Fortunately, this is the area of the market the Fund has focused on, and it can report continued enquiry across its projects.

This financial report includes consolidated balances as the Fund controls six development sub trusts.

5. Review of Performance

Unit Class	2020 % p.a.	2019 % p.a.	2018 % p.a.
Ordinary units	(0.92)	(0.67)	(6.06)

6. Unit Redemption Prices

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2020 $	2019 $
At 30 June	0.8606	0.8686
High during year	0.8645	0.8770
Low during year	0.8364	0.8616

The availability and timing of redemptions is subject to the terms of the Fund's Constitution.

The Fund prepays establishment costs and amortises the expenses over a period of 5 years.

The Fund re-values the investments at each stage of the project.

7. Distributions Paid or Recommended

In accordance with the PDS of the Fund, the Responsible Entity intends to make distributions of income at the end of each financial year, which will be paid by 30 September each year, following the audit of the Fund's annual accounts. The availability of income to distribute is contingent on the completion of a project and the sale of all units and townhouses developed as part of that Project. Given the development stage of the Fund's Projects, a distribution of income was not available in the first two financial years of the Fund.

No distributions were paid or recommended during the period.

8. Applications Held

As at 30 June 2020, there was one pending application for $6,403.

9. Redemption Arrangements

As detailed in the Fund's Constitution the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders. Consequently, no units were redeemed by the Responsible Entity during the reporting period.

10. Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The Directors and executives of the Responsible Entity hold no options over interests in the Fund.

11. Proceedings on Behalf of the Fund

No person has applied to the court for leave to bring proceedings on behalf of the Fund, or to intervene in any proceedings to which the Fund is a party, for the purpose of taking responsibility on behalf of the Fund for all or any part of their proceedings.

12. Value of Scheme Assets

The Gross Asset Value of the Fund's assets at the end of the reporting period was $14,712,230 (2019: $12,634,617). The Net Asset Value at the end of the reporting period was $11,523,156 (2019: $10,700,178).

13. Significant Changes in State of Affairs

Apart from those matters referred to in the previous sections of this Report, there have been no other significant changes to the state of affairs of the Fund during the financial year.

14. After Balance Date Events

In order to better facilitate the movement of funds between the Fund and its sub-trusts, the Fund plans to move to tax consolidation from 1 July 2020. This means the group would operate as a single-entity for tax purposes, providing better efficiency and potential tax savings.

In August 2020, the Fund purchased 1,900,000 units at $1 per unit, in a new sub-trust, Belmont SPV Unit Trust, which invests in a development property at 36 Macquarie Street, Belmont. The Fund is the sole owner of units in the Belmont SPV Unit Trust.

14. After Balance Date Events (continued)

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years other than as disclosed in this report.

15. Future Developments

There are no future developments to report on which are not otherwise disclosed in this report.

16. Indemnifying Officers or Auditor

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned Directors as well as officers of the Responsible Entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

17. Fees, Commissions or Other Charges by the Responsible Entity, Investment Manager or Related Parties

Fees of $50,000 (plus GST) were accrued and paid by the Fund to the Responsible Entity for the period. Fees of $33,728 (plus GST) were accrued and paid by the Fund to the Administration Manager. In addition, fees of $9,000 (plus GST) were accrued and paid to the Trustee of the sub trusts for the period.

Fees of $238,601 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period.

Debt Arrangement Fees of $12,800 (plus GST) were paid by the Fund to the Investment Manager for arranging the debt facility in Main Road Unit Trust.

The Investment Manager received a total of $68,367 of interest on loans made to the sub-trusts to fund development costs.

18. Units held by the Responsible Entity, Investment Manager or Related Parties

As at 30 June 2020, the Investment Manager held 10 units in the Fund and 743,344 units were held by related parties of the Investment Manager.

Vasco Trustees Limited holds 9,158,692 units in the six sub trusts of the Fund in its capacity as Responsible Entity for 35 Latitude Development Fund.

19. Interests in the Fund

The movement of units on issue in the Fund during the year is set out in Note 15 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 1 to the financial statements.

20. Environmental Issues

The operations of the Fund are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

21. Lead auditor's declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the following page.

Signed in accordance with a resolution of the Board of Directors of Vasco Trustees Limited by:

Craig Mathew Dunstan

Director

Date: 28 October 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the directors of Vasco Trustees Limited as Responsible Entity for 35 Latitude Development Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 28 October 2020

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

	Notes	2020	2019
		$	$
Revenue and other income			
Loss on sale of property	2 (a)	(23,648)	-
Other income	2 (b)	33,945	42,474
Total revenue and other income		**10,297**	**42,474**
Expenses			
Investment management fees	3	238,601	201,155
Responsible entity fees	4	50,000	49,651
Trustee fees	4	9,000	9,000
Administration fees	4	33,728	24,884
Other expenses	5	112,270	53,713
Fund audit fee	6	22,360	24,865
Compliance audit fee	6	4,400	4,600
Custodian fees	7	21,107	20,612
Total expenses		**491,466**	**388,480**
Loss before income tax		**(481,169)**	**(346,006)**
Income tax (credit)/expense	8	(95,147)	(127,971)
Total comprehensive loss		**(386,022)**	**(218,035)**
Attributable to:			
Group		(386,022)	(217,795)
Non-controlling interest		-	(240)
Total		**(386,022)**	**(218,035)**

35 LATITUDE DEVELOPMENT FUND
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020	2019
		$	$
Current assets			
Cash and cash equivalents	9 (a)	166,211	862,045
Prepaid expenses	9 (b)	-	18,808
Other receivables	11	275,146	170,522
Inventories	10	9,408,263	7,583,009
Total current assets		**9,849,620**	**8,634,384**
Non-current assets			
Inventories	10	4,436,579	3,719,373
Prepaid expenses	9 (b)	18,988	39,008
Deferred tax	8 (c)	407,043	241,852
Total non-current assets		**4,862,610**	**4,000,233**
Total assets		**14,712,230**	**12,634,617**
Current liabilities			
Trade and other payables	12	2,109,190	241,222
Fees payable	13	81,992	79,102
Interest bearing liabilities	14	666,890	1,401,104
Current tax liability	8 (d)	53,030	-
Total current liabilities		**2,911,102**	**1,721,428**
Non-current liabilities			
Deferred tax	8 (c)	277,972	213,011
Total non-current liabilities		**277,972**	**213,011**
Total liabilities		**3,189,074**	**1,934,439**
Net assets		**11,523,156**	**10,700,178**
Represented by:			
Issued units	15 (a)	12,455,010	11,246,010
Accumulated losses		(931,854)	(612,186)
Equity attributable to group		**11,523,156**	**10,633,824**
Non-Controlling interest		-	66,354
Total equity		**11,523,156**	**10,700,178**

The accompanying notes form part of these financial statements

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

	Notes	Issued Units $	Accumulated losses $	Attributable to Group $	NCI $	Total Equity $
Balance at 1 July 2018		9,592,310	(407,510)	9,184,800	79,713	9,264,513
Issue of share capital		1,653,700	-	1,653,700	-	1,653,700
Recognition of Non-Controlling Interest on acquisition		-	13,119	13,119	(13,119)	-
Total comprehensive income for the year		-	(217,795)	(217,795)	(240)	(218,035)
Balance at 30 June 2019	15	**11,246,010**	**(612,186)**	**10,633,824**	**66,354**	**10,700,178**
Balance at 1 July 2019		**11,246,010**	**(612,186)**	**10,633,824**	**66,354**	**10,700,178**
Issue of share capital		1,209,000	-	1,209,000	-	1,209,000
Non-Controlling Interest acquired in the year		-	66,354	66,354	(66,354)	-
Total comprehensive income for the year		-	(386,022)	(386,022)	-	(386,022)
Balance at 30 June 2020	15	**12,455,010**	**(931,854)**	**11,523,156**	**-**	**11,523,156**

35 LATITUDE DEVELOPMENT FUND

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	2019
		$	$
Cash flows from operating activities			
Proceeds from sale of inventory		5,613,000	-
Interest income		15,657	6,067
Rental income		18,288	40,035
Payment for inventories		(6,202,541)	(2,385,285)
Fund expenses paid		(474,642)	(498,354)
Net cash (used in) operating activities	16	**(1,030,238)**	**(2,837,537)**
Cash flows from financing activities			
Proceeds from issue of units		1,209,000	1,653,700
Loan proceeds		650,000	1,401,104
Loan repayments		(1,401,104)	-
Borrowing costs		(123,492)	-
Net cash provided by financing activities		**334,404**	**3,054,804**
Net increase in cash and cash equivalents		(695,834)	217,267
Cash and cash equivalents at the beginning of year		862,045	644,778
Cash and cash equivalents at the end of year	9 (a)	**166,211**	**862,045**

The accompanying notes form part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial report is for the entity 35 Latitude Development Fund ("the Fund") and its controlled entities. The Fund is an open-ended registered managed investment scheme established and domiciled in Australia. The Responsible Entity of the Fund is Vasco Trustees Limited and 35 Latitude Pty Ltd is appointed as the Investment Manager of the Fund.

Prior to 14 July 2017, the Fund was an unregistered managed investment scheme that was open to investment by wholesale clients (as defined in section 761G of the Corporations Act). Those unitholders will continue to hold Units that are issued on the same terms as the Units being offered under the Fund's Product Disclosure Statement.

Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report of the Fund complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The financial statements were approved by the Board of Directors of the Responsible Entity on 28 October 2020.

(b) Going concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the financial year ended 30 June 2020, the Fund had a net loss of $386,022 (2019: net loss: $218,035).

While noting the above factors, in assessing the appropriateness of the going concern basis the following factors have been taken into consideration by the Directors:

- The Directors are of the view that the Fund is expected to generate profits and positive cash flows in FY 21;
- The Directors have available loan facilities of approximately $1,000,000 from the Investment Manager, should it be required. The Investment Manager is also exploring other financing options through banking channels; however, this is based on a deal by deal proposition; and
- Settlements post year end have resulted in an improved liquidity position of the Fund.

(c) Basis of measurement

The financial report is prepared on the historical cost basis other than remeasurement of certain assets and liabilities to fair value in accordance with the accounting policies..

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund's functional and presentational currency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Use of estimates and judgements

The preparation of financial statements requires the directors of the Responsible Entity 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 these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant Accounting Policies

(a) Income Tax

During the 2018 financial year the Fund changed from a Unit Trust to a Public Trading Trust for tax purposes. Consequently, under current tax legislation, the Fund is now taxable as if it were a company.

(b) Cash and Cash Equivalents

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

(c) Deferred Tax

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where:
- a legally enforceable right of set-off exists; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Current Tax

The current income tax expense charged to profit or loss is the tax payable on taxable income for the current period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Fund commits itself to either purchase or sell the assets (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

Impairment of Financial Assets

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Under the general approach, at each reporting period, the Relevant Entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Relevant Entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

- there was no significant increase in credit risk since initial recognition, the Relevant Entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.
This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, that do not contain a significant financing component; and

- In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Inventories

Properties acquired exclusively with a view to subsequent disposal in the near future or for development and resale are recognised as inventories.

Inventories are measured at the lower of cost or net realisable value.

(g) Capitalisation of Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs should be recognised as an expense in the period in which the Fund incurs them.

(h) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Fund that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from sale of inventories is recognised at a point in time when control is transferred. In the case of development properties classified as inventories, the control is deemed to transfer at the point of final settlement.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(j) Trade Receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Goods and Services Tax (GST)

Revenues expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO").

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of financing and investing activities which is recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) New accounting standards and interpretations adopted in current year

The Fund has adopted AASB 16: Leases in the period and there was no material impact as there are no material leases within the scope of the standard.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

NOTE 2: REVENUE

The Fund's revenue may be analysed under the following categories:

(a) Loss on sale of property

Revenue will be generated from the sale of the units and townhouses upon settlement as described in note 1.

The properties held by the Main Road Unit Trust all settled in the 2020 Financial Year. Total revenue received is as follows:

	2020 $	2019 $
Total sale price	5,613,000	-
Inventory costs	(4,957,059)	-
GST expense	(443,000)	-
Selling costs	(150,600)	-
Loan interest expense	(85,989)	-
	(23,648)	-

(b) Other income

	2020 $	2019 $
Bank interest	3,485	6,065
Rental income	18,288	36,396
BAS ATO interest	-	13
Default interest income	12,172	-
	33,945	**42,474**

Bank interest
Cash on deposit is held by the Custodian (Sargon CT) with St George Bank. The interest rate paid by St. George Bank was 0.30% pa.

Cash held on deposit at the sub-trust level is held in a Macquarie Bank cash management account (AUD). The interest rate paid by Macquarie to 4 July 2019 was 1.05% p.a. paid monthly on balances greater than $5,000. From 5 July 2019 to 3 October 2019 the interest rate was 0.80%. From 4 October 2019 to 2 March 2020 the interest rate was reduced to 0.55%. From 24 March, cash on deposit earned 0.05% p.a. on the total balance of the cash management account.
As an AFSL holder, the Trustee is able to earn a commission of 0.25% on client's accounts. This amount has been rebated to the Fund

Rental income

Rental income arises on the Hamilton property which was being partially let while under development. The tenant vacated the property in January 2020.

Other income – BAS ATO interest

This is the income earned from the amounts that were not refunded on time by the ATO and therefore earned interest.

Default interest income
The settlement of units 2 and 5 in the Main Road Unit Trust were both delayed, and as a result the Fund earned an additional amount as default interest on-top of the sale price.

NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES

	2020	2019
	$	$
Investment management fees	238,601	201,155
	238,601	**201,155**

Investment management fees

In accordance with the Product Disclosure Statement of the Fund, the Investment Manager was entitled to an Investment Management Fee of 2.0% per annum (plus GST) of the gross asset value of the Fund, payable monthly in arrears.

Performance fees

In accordance with the Product Disclosure Statement of the Fund, the Investment Manager is entitled to a performance fee. This fee will be equal to 20% of the increase in the withdrawal price of the Fund over a 12-month period as at 30 June each year. The fee is calculated and is payable to the Investment Manager as at 30 June each year out of the Fund's assets. There is no performance fee payable for the reporting period.

NOTE 4: RESPONSIBLE ENTITY, ADMINISTRATION, & TRUSTEE FEES

	2020	2019
	$	$
Responsible Entity fees	50,000	49,651
Administration fees	33,728	24,884
Trustee fees	9,000	9,000
	92,728	**83,535**

In accordance with the Product Disclosure Statement of the Fund, the Responsible Entity is entitled to a fee of 0.31% per annum of the Fund's total asset value subject to a minimum annual fee of $50,000.

The Administration Manager was entitled to an administration fee of $27,318 per annum from 1 July 2019 to 31 December 2019 and $28,138 per annum from 1 January 2019 to 30 June 2020. The fee will increase by 3% on 1 January of each year. The Administration Manager is a related party of the Responsible Entity.

The Trustee and Administration Manager of the six sub trusts is entitled to a fee of $1,500 per annum and $1,000 per annum respectively per sub trust. The Trustee and Administration Manager is a related party of the Responsible Entity.

NOTE 5: OTHER EXPENSES

	2020	2019
	$	$
Tax return fees	30,200	26,650
Establishment fees amortised	20,020	19,647
Bank fees	6,603	2,710
Other administration expenses	9,450	5,688
Legal fees	-	(9,702)
ASIC fees	1,064	1,400
Professional fees	3,500	-
Loan fees and charges	34,838	1,050
Insurance expenses	6,595	6,270
	112,270	**53,713**

NOTE 6: REMUNERATION OF AUDITORS

The auditor of the Fund for the financial year ending 30 June 2020 was ShineWing Australia.

Matt Schofield of ShineWing Australia is the Compliance Plan auditor.

The fees paid or agreed to be paid by the Fund are disclosed below.

	2020	2019
	$	$
Remuneration of Auditors:		
Audit services		
Audit of financial report	22,360	22,000
Other regulatory audit services	4,400	4,400
	26,760	**26,400**
Other services		
Taxation services	30,200	26,200
	30,200	**26,200**
	56,960	**52,600**

NOTE 7: CUSTODIAN FEES

	2020	2019
	$	$
Custodian fees	21,107	20,612
	21,107	**20,612**

In accordance with the Custodian Agreement the custodian is entitled to an annual fee of $20,000 (plus GST) calculated and payable quarterly in arrears subject to a CPI increase applied quarterly.

NOTE 8: INCOME TAX EXPENSE

(a) Income tax charge

The Fund's components of income tax comprise:

	2020	2019
	$	$
Current tax	33,056	-
Deferred tax (origination and reversal of temporary differences)	(128,203)	(127,971)
	(95,147)	**(127,971)**

(b) Reconciliation of aggregate tax expense and tax expense calculated at statutory income tax rate

	2020	2019
	$	$
Accounting loss before tax	(481,169)	(346,006)
Prima facie income tax on loss before tax at statutory rate (27.5%)	(132,321)	(95,100)
Other differences	37,174	(32,871)
	(95,147)	**(127,971)**

(c) Deferred tax balances

	Deferred tax assets		Deferred tax liabilities	
	2020	2019	2020	2019
	$	$	$	$
Inventories	-	-	(277,972)	(213,011)
Tax losses	318,755	181,111	-	-
Other items	88,288	60,741	-	-
Net tax assets/(liabilities)	**407,043**	**241,852**	**(277,972)**	**(213,011)**

NOTE 8: INCOME TAX EXPENSE (continued)

(d) Current tax balances

	2020	2019
	$	$
Current tax liability	**53,030**	**-**

NOTE 9: CURRENT ASSETS

(a) Cash at bank

	2020	2019
	$	$
St. George Bank	166,211	862,045
	166,211	**862,045**

Cash on deposit is held by the Custodian (Sargon CT) with St George Bank. The interest rate paid by St. George Bank was 0.30% pa.

(b) Prepaid expenses

	2020	2019
	$	$
Prepaid loan fees	32,658	19,858
Less: amortisation	(32,658)	(1,050)
	-	**18,808**

These costs were fully amortised over the term of the loan.

	2020	2019
	$	$
Prepaid establishment costs	76,795	76,795
Less: amortisation	(57,807)	(37,787)
	18,988	**39,008**

NOTE 10: INVENTORIES

(a) Real estate developments in progress

As at 30 June 2020 the Fund's real estate developments comprised:

	2020	2019
	$	$
124 The Boulevarde, Toronto*	705,099	662,102
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	1,109,952	1,065,572
JV Waratah Golf Course	62,989	43,734
404-406 Lake Rd, Argenton*	3,722,890	1,463,363
10 Faucett St, Blackalls Park*	1,237,941	1,151,342
11a Dickinson St, Charlestown*	3,742,333	1,659,343
Dubbo Unit Trust, Morgan St, Dubbo	2,691,860	1,394,010
300 Main Road, Fennell Bay	-	3,309,895
38 French Rd, Wangi Wangi	571,778	553,021
	13,844,842	**11,302,382**

*Classified as current investment assets given that the expected realisation date is within 12 months.

NOTE 10: INVENTORIES

(b) Reconciliation of movement in balance

	2020	2019
	$	$
Brought forward	11,319,272	8,691,053
Capitalisation of development costs	7,267,372	2,611,329
Disposal of inventories	(4,699,375)	-
Fair Value adjustment realised on sale of inventory	(42,427)	-
	13,844,842	**11,302,382**

(c) Details of properties classified as investments

Trust Name	Property Location	Details
35 Latitude Development Fund	Hudson St. (formerly 5-7 Swan St), Hamilton	8 Apartments over three levels
35 Latitude Development Fund	124 The Boulevarde, Toronto	6 three-bedroom dwellings
35 Latitude Development Fund	Waratah Golf Course	Potential development of townhouses following rezone
Argenton Lake Unit Trust	404-406 Lake Rd, Argenton	9 double story townhouses
Blackalls Unit Trust	10 Faucett St, Blackalls Park	15 double story townhouses
Dickinson Unit Trust	11a Dickinson St, Charlestown	8 double story townhouses
Dubbo Unit Trust	Morgan St, Dubbo	15 blocks dedicated for small lot housing along with a master villa site to house 12 two-bedroom villas
Main Road Unit Trust	300 Main Rd, Fennell Bay	A boutique development of nine townhouses and four villas
Rustyk Unit Trust	38 French Rd, Wangi Wangi	5 single level apartments

The world health organisation declared a global pandemic (“COVID-19”) in March 2020. The COVID-19 pandemic has impacted market activity in many sectors globally. The net realisable value assessment has been performed in a time of significant valuation uncertainty due to COVID-19. Any change in estimates impacts the carrying value of inventories and has attached less weight to previous market evidence for comparison purposes to inform opinions of value. The current response to the COVID-19 pandemic means that the Fund has faced an unprecedented set of circumstances on which to base a judgement. In the event that impacts are more material or prolonged than anticipated, this may have further impact to the value of the Fund’s investments and its future returns.

NOTE 11: GST RECEIVABLE

	2020	2019
	$	$
GST receivable	324,300	171,409
GST payable	(49,154)	(887)
	275,146	**170,522**

NOTE 12: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables	2,109,190	235,502
Tenant bond held	-	5,720
	2,109,190	**241,222**

The increase in trade payables is due to unpaid development costs incurred in the Argenton and Dickinson projects, which are due to be paid once the settlement of properties has occurred in early FY21.

NOTE 13: FEES PAYABLE

	2020	2019
	$	$
Trustee fees payable	750	-
Administration fees payable	2,845	2,277
Custodian fees payable	5,238	5,139
Responsible entity fees payable	4,167	4,167
Other administration expenses payable	4,550	-
Fund audit fees payable	14,000	14,300
Compliance audit fees payable	2,150	4,400
ASIC annual fees payable	1,400	1,576
Provision for tax return fees	25,700	26,200
Investment Manager fees payable	21,192	18,378
Loan interest payable	-	2,665
	81,992	**79,102**

NOTE 14: INTEREST BEARING LIABILITIES

	2020	2019
	$	$
Main Road Unit Trust: NAB Loan	-	1,401,104
Argenton Lake Unit Trust: Investment Manager Loan	666,890	-
	666,890	**1,401,104**

The Fund negotiated a loan facility with NAB last financial year in order to finance the completion of the 300 Main Rd, Fennell Bay project. The facility was fully repaid on 14 November 2019, using the proceeds from the settlement of units in the Main Road Unit Trust.

NOTE 14: INTEREST BEARING LIABILITIES (continued)

The Fund also negotiated two loan facilities with the Investment Manager to finance the completion of the 404-406 Lake Rd, Argenton project.

The details for the two facilities are as follows:

- Facility Limit: $250,000
- Interest rate: 10% per annum
- Terms: Bullet payment

- Facility Limit: $400,000
- Interest rate: 10% per annum
- Terms: Bullet payment

NOTE 15: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in $

	2020 Units	2020 $	2019 Units	2019 $
Opening balance	12,639,257	11,246,010	10,750,283	9,592,310
Units issued – applications	1,396,832	1,209,000	1,888,974	1,653,700
Closing balance	**14,036,089**	**12,455,010**	**12,639,257**	**11,246,010**

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

(b) Capital management

The Fund regards total equity as capital. The objective of the Fund is to provide unitholders with income distributions and capital growth over the longer term. The Fund aims to achieve this objective mainly through the development of real property purchased by the Fund.

The Fund aims to invest to meet the Fund's investment objectives while maintaining sufficient liquidity to meet its commitments, including unitholder redemptions. The Investment Manager regularly reviews the performance of the Fund, including asset allocation strategies, investment and risk management.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit/ (loss) for the year

	2020 $	2019 $
(Loss) for the year	(402,911)	(218,035)
Add back borrowing costs (financing activity)	140,381	-
Changes in assets and liabilities:		
(Increase) in prepaid expenses	38,828	(4,163)
(Increase) in inventories	(2,525,570)	(2,611,329)
(Increase) in deferred tax assets	8,984	(134,791)
Increase in payables	1,766,234	123,961
Increase in current tax liabilities	53,030	-
Increase in deferred tax liabilities	(109,214)	6,820
Non-cash acquisition of inventories	-	-
NCI on acquisition	-	-
Cash flows from operating activities	**(1,030,238)**	**(2,837,537)**

NOTE 17: RELATED PARTY TRANSACTIONS

The Fund's related parties include those described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Responsible Entity

The Responsible Entity of the 35 Latitude Development Fund is Vasco Trustees Limited.

Fees of $50,000 (plus GST) were accrued and paid by the Fund to Vasco Trustees Limited for its role as Responsible Entity for the period, of which $5,000 is claimable by the Fund as GST.

The Responsible Entity held 9,158,692 units in the sub trusts in their capacity as Responsible Entity of 35 Latitude Development Fund.

(b) Trustee

Fees of $6,000 (plus GST) were paid to DHF Investment Managers Pty Ltd for its role as Trustee of four of the six sub trusts, of which $600 is claimable as GST.

Fees of $3,000 (plus GST) were paid to Vasco Fund Services Pty Limited for its role as Trustee of two of the six sub trusts, of which $300 is claimable as GST.

DHF Investment Managers and Vasco Fund Services Pty Limited are a related party of the Responsible Entity.

(c) Investment Manager

The Investment Manager of the 35 Latitude Development Fund is 35 Latitude Pty Ltd.

Fees of $238,601 (plus GST) were accrued and paid by the Fund to 35 Latitude Pty Ltd for its role as Investment Manager for the period, of which $23,860 is claimable by the Fund as GST.

Debt Arrangement Fees of $12,800 (plus GST) were paid by the Fund to the Investment Manager for arranging the debt facility in Main Road Unit Trust.

The Investment Manager received a total of $68,367 of interest on loans made to the sub-trusts to fund development costs.

An executive director of the Investment Manager held 10 units in the Fund and 743,334 units (5.3% of issued units) were held by related parties of the Investment Manager.

(d) Administration Manager

The Administration Manager of the 35 Latitude Development Fund is Vasco Fund Services Pty Limited.

Administration fees of $27,728 (plus GST) were accrued and paid by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund, of which $2,773 is claimable by the Fund as GST.

Administration fees of $6,000 (plus GST) were accrued and paid by the sub trusts to Vasco Fund Services Pty Limited for its role as Administration Manager of the sub trusts, of which $600 is claimable as GST.

Vasco Fund Services Pty Limited is a related party of the Responsible Entity.

NOTE 17: RELATED PARTY TRANSACTIONS (continued)

(e) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Vasco Trustees Limited, and an Investment Manager, 35 Latitude Pty Ltd, to manage the activities of the Fund. The Directors of the Responsible Entity and Investment Manager are key management personnel of those corporate entities. No compensation is paid directly by the Fund to Directors or to any of the key management personnel of the Responsible Entity or Investment Manager. Payments made by the Fund to the Responsible Entity and Investment Manager do not specifically include any amounts attributable to the compensation of key management personnel.

NOTE 18: CONTINGENT LIABILITIES

As at 30 June 2020 there were no material contingent liabilities that the Directors are aware of.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

There is an intention to change the Custodian of the Fund from Sargon CT to Perpetual CT Limited.

In order to better facilitate the movement of funds between the Fund and its sub-trusts, the Fund plans to move to tax consolidation from 1 July 2020. This means the group would operate as a single-entity for tax purposes, providing better efficiency and potential tax savings.

As at the date of this report, there have been no events subsequent to the reporting date that require additional disclosure.

NOTE 20: FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund holds investments in property assets which are not considered to be assets that are readily realisable.

In order to address this risk, the Responsible Entity retains broad discretion to restrict distributions, withdrawals and/or redemptions.

(b) Market Risk

The Fund is exposed to market risk through its use of financial instruments and specifically to interest rate risk and property value risk, which results from both its operating and investing activities. Market risk is the risk that changes in market prices which will affect the Fund’s income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the Responsible Entity.

(c) Property Value Risk

Real estate development assets form a significant part of the Fund’s assets and are carried at the lower of cost and net realisable value within the accounts. The property market is closely monitored by the Board. In addition, in depth due diligence is performed over a property before it is developed and ongoing monitoring is undertaken as part of the compliance plan.

There are a number of uncertainties regarding the outlook for the Australian economy over the next few years. This includes the reluctance of business to commit to major new investments until sustained increase in demand are seen. Certain property sectors are experiencing all-time highs in market prices. Should conditions deteriorate, decline in property values may result in losses.

NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

(d) Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Fund. The Fund is exposed to this risk for various financial instruments, for example, placing money at financial institutions or rental revenue that is paid in arrears. The Fund's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	$	$
Cash and cash equivalents	166,211	862,045
Sundry debtors	-	-
	166,211	**862,045**

The Responsible Entity manages the exposure to credit risk on an ongoing basis. The Fund's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

(e) Interest Rate Risk

The Fund's interest rate risk is monitored by the Responsible Entity.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.
At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2020	2019
	$	$
Cash and cash equivalents	166,211	862,045
Interest bearing liabilities	(666,890)	(1,401,104)

Based on the Fund's interest-bearing borrowings at 30 June 2020, if interest rates on borrowings had been 100 basis points per annum higher/lower, with all other variables held constant, the Fund's profit for the financial year would have been $1,689 lower/higher.

(f) Maturity Analysis

	Within 1 year	1 to 5 years	Total
	$	$	$
Financial liabilities due			
Interest bearing liabilities	666,890	-	666,890
Total expected outflows	**(666,890)**	**-**	**(666,890)**

NOTE 21: RESPONSIBLE ENTITY DETAILS

The registered office and the principal place of business of the Responsible Entity are:

Vasco Trustees Limited

Level 5

488 Bourke Street

Melbourne Victoria 3000

NOTE 22: CONTROLLED ENTITIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Principal Activity	Ownership 2020 %	Ownership 2019 %
Argenton Lake Unit Trust	Australia	Development	100	95
Blackalls Unit Trust	Australia	Development	100	100
Dickinson Pacific Unit Trust	Australia	Development	100	100
Dubbo Project Unit Trust	Australia	Development	100	100
Main Road Unit Trust	Australia	Development	100	100
Rustyk Unit Trust	Australia	Development	100	100

During the year the Fund acquired an additional 60,000 units in Argenton Lake Unit Trust increasing its percentage holding from 94.95% to 100%. In the consolidated statement of changes in equity this is presented as an acquisition of the non-controlling interest in the amount of $66,354.

NOTE 23: PARENT ENTITY INFORMATION

The individual financial statements for the parent entity, 35 Latitude Development Fund, show the following aggregate amounts:

	2020	**2019**
	$	$
Current assets	42,347	146,095
Total assets	**12,576,761**	**10,696,512**
Current liabilities	(716,062)	(48,974)
Total liabilities	**(716,062)**	**(48,974)**
Net assets	**11,860,699**	**10,647,538**
Issued units	(12,455,010)	(11,246,010)
Retained earnings brought forward	428,823	215,389
(Profit)/loss for year	165,488	303,994
Total shareholders' equity	**(11,860,699)**	**(10,647,538)**
Profit/(loss) for the year	(310,431)	(303,994)
Total comprehensive loss	(310,431)	**(303,994)**

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Trustees Limited:

(a) The financial statements and notes of 35 Latitude Development Fund are in accordance with the *Corporations Act 2001,* including

   (i) Giving a true and fair view of its financial position as at 30 June 2020 and its performance for this financial year ended on that date; and

   (ii) Complying with Australian Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that 35 Latitude Development Fund will be able to pay its debts as and when they become due and payable.

(c) The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in note 1.

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

Craig Mathew Dunstan

Director

28 October 2020

ShineWing
AUSTRALIA
Advisors & Accountants

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF 35 LATITUDE DEVELOPMENT FUND

Opinion

We have audited the financial report of 35 Latitude Development Fund (the Fund) which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Responsible Entity directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Fund's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Emphasis of Matter – Significant Valuation Uncertainty

We draw attention to Note 10 of the financial report which sets out that the net realisable value assessment has been conducted using estimates at a time of significant valuation uncertainty given COVID-19. Any change in estimates impacts the carrying value of inventories and a corresponding impact in the profit or loss. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Responsible Entity Directors for the Financial Report

The directors of the Responsible Entity of the Fund 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 of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.

- Conclude on the appropriateness of the Responsible Entity directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 28 October 2020