35 LATITUDE DEVELOPMENT FUND

ARSN 620 185 266

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Table of Contents

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The Directors of the Responsible Entity, Vasco Investment Managers Limited, present their report on the 35 Latitude Development Fund ("the Fund") for the year ended 30 June 2019. 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)

The Directors have been in office since the establishment of the Fund to the date of this report unless otherwise stated.

2. Principal Activities

The principal activities of the Fund are to generate an attractive return 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 2019 was $218,035 (2018: $359,511).

4. Review of Operations

During the period since inception the Fund has issued 12,639,257 units.

During the financial year 1,888,974 units have been issued and the Fund had 75 investors as at 30 June 2019.

On 20 March 2019 a Supplementary Product Disclosure Statement (SPDS) was issued in relation to the Fund.

As at 30 June 2019 the Fund's investments classified as inventories comprised the following:

Investment	$
124 The Boulevarde, Toronto	662,102
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	1,065,572
JV Waratah Golf Course	43,734
404-406 Lake Rd, Argenton	1,463,363
10 Faucett St, Blackalls Park	1,151,342
11a Dickinson St, Charlestown	1,659,343
Morgan St, Dubbo	1,394,010
300 Main Road, Fennell Bay	3,309,895
38 French Rd, Wangi Wangi	553,021
Total	**11,302,382**

4. Review of Operations (continued)

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

The Directors of the Administration Manager have resolved to change the name of Vasco Funds Management Pty Limited to Vasco Fund Services Pty Limited to better reflect the activities of the company as well as to keep in line with industry conventions. The ACN and other details remain unchanged.

5. Review of Performance

Unit Class	2019 % p.a.	2018 % p.a.	2017 % p.a.
Ordinary units	(0.67)	(6.06)	(6.91)

6. Unit Redemption Prices

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

	2019 $	2018 $
At 30 June	0.8686	0.8745
High during year	0.8770	0.9222
Low during year	0.8616	0.8714

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 revalues 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 2019, there was one pending application for $50,000.

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 $12,634,617 (2018: $9,559,030). The Net Asset Value at the end of the reporting period was $10,700,178 (2018: $9,264,513).

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

There is an intention to change the Trustee on the sub-trusts from Vasco Fund Services Pty Limited to DHF Investment Managers Pty Ltd, a related party of the Responsible Entity.

No 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 $49,651 (plus GST) were accrued and paid by the Fund to the Responsible Entity for the period. Fees of $24,884 (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 $201,155 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period.

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

As at 30 June 2019, the Investment Manager held 203,746 units in the Fund and 652,478 units were held by related parties of the Investment Manager.

Vasco Investment Managers Limited holds 7,811,060 units in the six sub trusts of the Fund in its capacity as Responsible Entity for 35 Latitude Development Fund.

19. Number of Interests on Issue

As at 30 June 2019, the number of units on issue in the Fund was 12,639,257 (2018: 10,750,283)

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.

23. 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 Investment Managers Limited by:

Craig Mathew Dunstan

Director

Date: 20 September 2019

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of the Responsible Entity of 35 Latitude Development Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there has 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, 20 September 2019

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019	2018
		$	$
Revenue and other income			
Other income	2 (b)	42,474	22,882
Total revenue and other income		**42,474**	**22,882**
Expenses			
Investment management fees	3	201,155	111,871
Responsible entity fees	4	49,651	38,602
Trustee fees	4	9,000	2,613
Administration fees	4	24,884	18,350
Other expenses	5	53,713	73,587
Fund audit fee	14	24,865	15,000
Compliance audit fee	14	4,600	4,000
Custodian fees	6	20,612	19,240
Total expenses		**388,480**	**283,263**
Loss before income tax		**(346,006)**	**(260,381)**
Income tax (credit)/expense	7	(127,971)	(99,130)
Total comprehensive loss		**(218,035)**	**(359,511)**
Attributable to:			
Group		(217,795)	(358,120)
Non-controlling interest		(240)	(1,301)
Total		**(218,035)**	**(359,511)**

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019	2018
		$	$
Current assets			
Cash and cash equivalents	8 (a)	862,045	644,778
Prepaid expenses	8 (b)	18,808	-
Other receivables	8 (c)	170,522	62,485
Inventories	9	7,583,009	-
Total current assets		**8,634,384**	**707,263**
Non-current assets			
Inventories	9	3,719,373	8,691,053
Capitalised establishment costs		39,008	53,653
Deferred tax	7	241,852	107,061
Total non-current assets		**4,000,233**	**8,851,767**
Total assets		**12,634,617**	**9,559,030**
Current liabilities			
Trade and other payables	10	241,222	5,720
Fees payable	11	79,102	82,606
Interest bearing liabilities	12	1,401,104	-
Total current liabilities		**1,721,428**	**88,326**
Non-current liabilities			
Deferred tax	7	213,011	206,191
Total non-current liabilities		**213,011**	**206,191**
Total liabilities		**1,934,439**	**294,517**
Net assets		**10,700,178**	**9,264,513**
Represented by:			
Issued units	13 (a)	11,246,010	9,592,310
Accumulated losses		(612,186)	(407,510)
Equity attributable to group		**10,633,824**	**9,184,800**
Non-Controlling interest		66,354	79,713
Total equity		**10,700,178**	**9,264,513**

The accompanying notes form part of these financial statements

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Issued Units $	Accumulated losses $	Attributable to Group $	NCI $	Total Equity $
Balance at 1 July 2017		720,010	(49,300)	670,710	-	670,710
Issue of share capital		8,872,300	-	8,872,300	-	8,872,300
Recognition of Non-Controlling Interest on acquisition		-	-	-	81,014	81,014
Total comprehensive income for the year		-	(358,210)	(358,210)	(1,301)	(359,511)
Balance at 30 June 2018	12	**9,592,310**	**(407,510)**	**9,184,800**	**79,713**	**9,264,513**
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
Non-Controlling Interest acquired in the year		-	13,119	13,119	(13,119)	-
Total comprehensive income for the year		-	(217,795)	(217,795)	(240)	(218,035)
Balance at 30 June 2019	12	**11,246,010**	**(612,186)**	**10,633,824**	**66,354**	**10,700,178**

The accompanying notes form part of these financial statements

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019	2018
		$	$
Cash flows from operating activities			
Bank interest		6,067	5,722
Rental income		40,035	(30,101)
Payment for inventories		(2,385,285)	(2,088,145)
Fund expenses paid		(498,354)	(144,134)
Net cash (used in) operating activities	15	**(2,837,537)**	**(2,256,658)**
Cash flows from financing activities			
Proceeds from issue of units		1,653,700	2,869,392
Loan proceeds		1,401,104	-
Net cash provided by financing activities		**3,054,804**	**2,869,392**
Net increase in cash and cash equivalents		217,267	612,734
Cash and cash equivalents at the beginning of year		644,778	32,044
Cash and cash equivalents at the end of year	8 (a)	**862,045**	**644,778**

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 Investment Managers 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 20 September 2019.

(b) Basis of measurement

The financial report is prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies

(a) Income Tax

During the prior 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.

(c) Current Tax

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

(f) 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.

(g) 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).

(h) 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(d) for further discussion on the determination of impairment losses.

(i) 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A number of new accounting standards and interpretation have been published, and are mandatory for the 30 June 2019 reporting period, having come into effect on the 1 January 2018:

(i) AASB 9: Financial Instruments

The Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

There are no material implications upon adoption of AASB 9 for the Fund.

(ii) *AASB 15: Revenue from contracts with customers*

This Standard replaces the previous accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

There are no material implications upon adoption of AASB 15 for the Fund.

(k) New accounting standards and interpretations to be adopted in future periods

AASB 16 is effective for periods commencing on or after 1 January 2019. The Fund will adopt this standard in the following financial year.

The standard requires the recognition of a liability on the statement of financial position and a corresponding right of use asset in respect of operating leases. Given that the Fund currently has no leases, there is not expected to be a material impact on the Fund.

NOTE 2: REVENUE

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

(a) Revenue

Revenue will be generated from the sale of the units and townhouses upon settlement as described in note 1. Given that no settlements have occurred up to 30 June 2019, revenue for the year was $nil.

(b) Other income

	2019	2018
	$	**$**
Bank interest	6,065	5,720
Rental income	36,396	17,160
BAS ATO interest	13	2
	42,474	**22,882**

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 1.50% pa.

Rental income

Rental income arises on the Hamilton property which is being partially let while under development.

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.

NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES

	2019	2018
	$	**$**
Investment management fees	201,155	111,871
	201,155	**111,871**

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 as the performance was negative.

NOTE 4: RESPONSIBLE ENTITY, ADMINISTRATION, & TRUSTEE FEES

	2019	2018
	$	$
Responsible Entity fees	49,651	38,602
Administration fees	24,884	18,350
Trustee fees	9,000	2,613
	83,535	**59,565**

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 $15,914 per annum from 1 July 2018 to 31 December 2018 and $16,391 per annum from 1 January 2019 to 31 March 2019. From 1 April 2019 the administration fee increased to $27,318 per annum, which is the maximum amount available under the Constitution taking into account the 3% annual fee increases since commencement in 2017. 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

	2019	2018
	$	$
Tax return fees	26,650	17,000
Establishment fees amortised	19,647	17,151
Bank fees	44	25
Other administration expenses	5,688	8,234
Legal fees	(9,702)	9,702
ASIC fees	1,400	1,400
Accounting expenses	-	15,452
Professional fees	-	2,001
Sundry property costs	-	2,622
Loan interest expense	2,666	-
Loan fees and charges	1,050	-
Insurance expenses	6,270	-
	53,713	**73,587**

NOTE 6: CUSTODIAN FEES

	2019	2018
	$	$
Custodian fees	20,612	19,240
	20,612	**19,240**

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 7: INCOME TAX EXPENSE

(a) Income tax charge

The Fund's components of income tax comprise:

	2019	2018
	$	$
Deferred tax (origination and reversal of temporary differences)	(127,971)	(99,130)
	(127,971)	**(99,130)**

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

	2019	2018
	$	$
Accounting loss before tax	(346,006)	(260,381)
Prima facie income tax on loss before tax at statutory rate (27.5%)	(95,100)	(71,605)
Other differences	(32,871)	(27,525)
	(127,971)	**(99,130)**

(c) Current and deferred tax balances

	2019	2018
	$	$
Deferred tax assets	241,852	107,061
Deferred tax liabilities	213,011	206,191

NOTE 8: CURRENT ASSETS

(a) Cash at bank

	2019	2018
	$	$
St. George Bank	862,045	644,778
	862,045	**644,778**

Cash on deposit is held by the Custodian (Sargon CT) with St George Bank. The interest rate paid by St. George Bank was 1.50% pa.

(b) Prepaid expenses

	2019	2018
	$	$
Prepaid loan fees	19,858	-
Less: amortisation	(1,050)	
	18,808	**-**

These costs are amortised over the term of the loan which is 227 days.

NOTE 8: CASH AND CASH EQUIVALENTS (continued)

(c) Other receivables

	2019	2018
	$	$
GST receivable	171,409	57,211
GST payable	(887)	(2,608)
Sundry debtor	-	7,882
	170,522	**62,485**

NOTE 9: INVENTORIES

(a) Real estate developments in progress

As at 30 June 2019 the Fund's real estate developments comprised:

	2019	2018
	$	$
124 The Boulevarde, Toronto	662,102	620,115
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	1,065,572	963,037
JV Waratah Golf Course	43,734	4,100
404-406 Lake Rd, Argenton*	1,463,363	1,247,803
10 Faucett St, Blackalls Park*	1,151,342	1,119,036
11a Dickinson St, Charlestown*	1,659,343	1,525,585
Dubbo Unit Trust, Morgan St, Dubbo	1,394,010	1,164,992
300 Main Road, Fennell Bay*	3,309,895	1,499,992
38 French Rd, Wangi Wangi	553,021	546,393
	11,302,382	**8,691,053**

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

(b) Reconciliation of movement in balance

	2019	2018
	$	$
Brought forward	8,691,053	600,000
Property purchase price including stamp duty and costs	-	842,784
Added upon purchase of sub-trusts	-	6,002,908
Capitalisation of development costs	2,611,329	1,245,361
	11,302,382	**8,691,053**

NOTE 9: INVENTORIES (continued)

(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

NOTE 10: TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Trade payables	235,502	-
Tenant bond held	5,720	5,720
	241,222	**5,720**

NOTE 11: FEES PAYABLE

	2019	2018
	$	$
Trustee fees payable	-	815
Administration fees payable	2,277	2,408
Custodian fees payable	5,139	5,064
Responsible entity fees payable	4,167	3,333
Other administration expenses payable	-	-
Fund audit fees payable	14,300	11,500
Compliance audit fees payable	4,400	4,000
ASIC annual fees payable	1,576	1,400
Provision for tax return fees	26,200	22,750
Investment Manager fees payable	18,378	31,336
Loan interest payable	2,665	-
	79,102	**82,606**

NOTE 12: INTEREST BEARING LIABILITIES

	2019	2018
	$	$
Main Road Unit Trust: NAB Loan	1,401,104	-
	1,401,104	-

The Fund has negotiated a loan facility with NAB in order to finance the completion of the 300 Main Rd, Fennell Bay project. As at 30 June 2019, $1,401,104 has been drawn down.

The key terms under the facility agreement are as follows:

- Facility limit: $2,560,000
- Floating interest rate: 6.3950% per annum
- Term: 227 days
- Repayment: the facility is repayable in full at expiry date on 31 January 2020

NOTE 13: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in $

	2019	2018
	$	$
Opening balance	9,592,310	720,010
Units issued – applications	1,653,700	8,872,300
Closing balance	**11,246,010**	**9,592,310**

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.

NOTE 13: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(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 14: REMUNERATION OF AUDITORS

The auditor of the Fund for the financial year ending 30 June 2019 was ShineWing Australia.

Matthew Schofield of ShineWing Australia is the Compliance Plan auditor.

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

	2019 $	2018 $
Remuneration of Auditors:		
Audit services		
Audit of financial report	22,000	17,865
Other regulatory audit services	4,400	4,200
	26,400	**22,065**
Other services		
Taxation services	26,200	23,200
	26,200	**23,200**
	52,600	**45,265**

NOTE 15: CASH FLOW INFORMATION

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

	2019 $	2018 $
(Loss) for the year	(218,035)	(359,511)
Changes in assets and liabilities:		
(Increase) in prepaid expenses	(18,808)	-
(Increase) in receivables	(108,037)	(48,977)
(Increase) in inventories	(2,611,329)	(8,091,053)
(Increase) in deferred tax assets	(134,791)	(107,061)
Decrease/(increase) in capitalised establishment costs	14,645	(19,705)
Increase in payables	231,998	79,536
Increase in deferred tax liabilities	6,820	206,191
Non-cash acquisition of inventories	-	6,002,908
NCI on acquisition	-	81,014
Cash flows from operating activities	**(2,837,537)**	**(2,256,658)**

NOTE 16: 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 Investment Managers Limited.

Fees of $49,651 (plus GST) were accrued and paid by the Fund to Vasco Investment Managers Limited for its role as Responsible Entity for the period, of which $4,965 is claimable by the Fund as GST.

The Responsible Entity held 7,811,060 units in the sub trusts in their capacity as Responsible Entity of 35 Latitude Development Fund.

(b) Trustee

Fees of $9,000 (plus GST) were paid to Vasco Fund Services Pty Ltd for its role as Trustee of the six sub trusts, of which $900 is claimable as GST.

Vasco Fund Services Pty Limited is 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 $201,155 (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 $20,097 is claimable by the Fund as GST.

An executive director of the Investment Manager held 203,746 units in the Fund and 652,478 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 $18,884 (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 $1,888 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.

(e) Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, Vasco Investment Managers 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 17: CONTINGENT LIABILITIES

As at 30 June 2019 there were no material contingent liabilities that the Directors are aware of.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

There is an intention to change the Trustee on the sub-trusts from Vasco Fund Services Pty Limited to DHF Investment Managers Pty Ltd, a related party of the Responsible Entity.

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

NOTE 19: 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.

(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:

	2019	2018
	$	$
Cash and cash equivalents	862,045	644,778
Sundry debtors	-	7,882
	862,045	**652,660**

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.

NOTE 19: FINANCIAL RISK MANAGEMENT (continued)

(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:

	2019	2018
	$	$
Cash and cash equivalents	862,045	644,778
Interest bearing liabilities	(1,401,104)	-

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

NOTE 21: RESPONSIBLE ENTITY DETAILS

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

Vasco Investment Managers 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 2019 %	Ownership 2018 %
Argenton Lake Unit Trust	Australia	Development	95	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

NOTE 22: CONTROLLED ENTITIES (continued)

During the year the Fund acquired an additional 52,174 units in Argenton Lake Unit Trust increasing its percentage holding from 94.71% to 94.95%. In the consolidated statement of changes in equity this is presented as an acquisition of the non-controlling interest in the amount of $13,119.

NOTE 23: PARENT ENTITY INFORMATION

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

	2019	2018
	$	$
Current assets	146,095	392,414
Total assets	**10,696,512**	**9,420,871**
Current liabilities	(48,974)	(57,523)
Total liabilities	**(48,974)**	**(57,523)**
Net assets	**10,647,538**	**9,363,348**
Issued units	(11,246,010)	(9,592,310)
Retained earnings brought forward	215,389	52,412
(Profit)/loss for year	303,994	162,977
Total shareholders' equity	**(10,647,538)**	(9,264,513)
Profit/(loss) for the year	(303,994)	(162,977)
Total comprehensive loss	(303,994)	(162,977)

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Investment Managers 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 2019 and its performance for this financial year ended on that date; and

(ii) Complying with Australian Standards – Reduced Disclosure Requirements (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

20 September 2019

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400
shinewing.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF VASCO INVESTMENT MANAGERS LIMITED
AS RESPONSIBLE ENTITY FOR 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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the 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 2019 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of Vasco Investment Managers Limited, the Responsible Entity of 35 Latitude Development 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 determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 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.

We 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.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the 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.

We 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 20 September 2019