



35 LATITUDE DEVELOPMENT FUND

ARSN 620 185 266

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2021

**35 LATITUDE DEVELOPMENT FUND  
ARSN 620 185 266  
RESPONSIBLE ENTITY REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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**35 LATITUDE DEVELOPMENT FUND  
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RESPONSIBLE ENTITY REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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 2021. 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 (resigned 31 December 2020)

Jonathan William Martin

Reginald Bancroft

**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 2021 was \$378,847 (2020: Loss \$386,022).

**4. Review of Operations**

During the period since inception the Fund has issued 13,627,233 units, net of redemptions.

During the financial year 1,279,758 (2020: 1,396,832) units have been issued and 1,688,614 (2020: nil) units have been redeemed. The Fund had 84 investors as at 30 June 2021.

As at 30 June 2021 the Fund’s investments classified as inventories comprised the following:

<b>Investment</b>	<b>\$</b>
124 The Boulevarde, Toronto	903,243
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	1,134,455
JV Waratah Golf Course	72,248
36 Macquarie Street, Belmont	2,216,979
10 Faucett St, Blackalls Park	3,360,624
Morgan St, Dubbo	1,725,341
38 French Rd, Wangi Wangi	575,491
<b>Total</b>	<b>9,988,381</b>

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**4. Review of Operations (continued)**

In order to better facilitate the movement of monies between the Fund and its sub-trusts, the Fund and its sub-trusts became a tax consolidated group from 1 July 2020. This means the group operates as a single-entity for tax purposes, providing better efficiency and potential for 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.

The properties held by Argenton Lake Unit Trust began settling in July 2020, with the final unit settling on 21 October 2020. The properties held by Dickinson Pacific Unit Trust, also began settling in July 2020, with the final unit settling on 14 September 2020.

The Fund has begun to see some pressure arise around material availability (which is having upward pressure on price), delivery timeframes, as well as trade availability attributed to the COVID-19 pandemic. Material availability and timeframes are being impacted by the ongoing difficulties with imports, and it is expected that material availability will be one of the biggest challenges, affecting the timely rollout of construction projects in the short term.

Contractor availability has largely been unaffected to date (albeit occasional government “lockdown” measures do on occasion have a minor short-term effect). Extended lockdowns to areas where contractors may travel from provides a delivery risk for projects, as several contractors do provide services from outside the immediate Newcastle region. The Funds main construction provider is currently turning away new business to focus on servicing their repeat clients (including the Fund) to ensure they are able to continue to service the existing relationship.

Sales enquiry through agent partners have remained strong after an initial drop in enquiry at the onset of the pandemic. To date the Fund has not received any notice from a contracted buyer that they are experiencing any financial difficulty or require any delays in settlement terms.

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

**5. Review of Performance**

Unit Class	2021 % p.a.	2020 % p.a.	2019 % p.a.	2018 % p.a.
Ordinary units	(0.15)	(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:

	2021 \$	2020 \$
At 30 June	0.8593	0.8606
High during year	0.8991	0.8645
Low during year	0.8593	0.8364

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.

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**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 2021, there were pending applications of \$210,000.

**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. During the financial year, 1,688,614 units were redeemed by the Responsible Entity.

**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**

On the 23rd September 2021, Notice was received for a matter listed for mention at the New South Wales Civil and Administrative Tribunal in relation to a request for rectification of defects notice for a property in the Main Road Unit Trust. The Main Road Unit Trust is 100% owned by the 35 Latitude Development Fund. At this stage, quantification of any cost attributable to the Main Road Unit Trust is not possible. The plaintiff is currently seeking rectification under the builders guarantee insurance, and requiring the builder to rectify the building defects they have identified.

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 \$11,010,406 (2020: \$14,712,230). The Net Asset Value at the end of the reporting period was \$10,773,408 (2020: \$11,523,156).

**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.

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**14. After Balance Date Events**

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**

On the 23rd September 2021, Notice was received for a matter listed for mention at the New South Wales Civil and Administrative Tribunal in relation to a request for rectification of defects notice for a property in the Main Road Unit Trust. The Main Road Unit Trust is 100% owned by the 35 Latitude Development Fund. At this stage, quantification of any cost attributable to the Main Road Unit Trust is not possible. The plaintiff is currently seeking rectification under the builders guarantee insurance, and requiring the builder to rectify the building defects they have identified.

It is anticipated that during the 2022 financial year that the responsible entity of the Fund will change from Vasco Trustees Limited to Vasco Responsible Entity Services Limited.

There are no other 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 \$37,049 (plus GST) were accrued and paid by the Fund to the Administration Manager. In addition, fees of \$9,165 (plus GST) were accrued and paid to the Trustee of the sub trusts for the period.

Fees of \$235,386 (plus GST) were accrued and paid by the Fund to the Investment Manager for the period.

The Investment Manager received a total of \$1,114 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 2021, the Investment Manager held 10 units in the Fund and 355,347 units were held by related parties of the Investment Manager.

Vasco Trustees Limited holds 6,079,780 units in the four active sub trusts of the Fund in its capacity as Responsible Entity for 35 Latitude Development Fund.

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**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 Dunstan*

**Craig Dunstan**

Director

Date: 28 October 2021

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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF 35 LATITUDE DEVELOPMENT FUND

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 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**  
Chartered Accountants



Rami Eltchelebi  
Partner

Melbourne, 29 October 2021

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**35 LATITUDE DEVELOPMENT FUND**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Revenue and other income</b>			
Profit/(Loss) on sale of property	2 (a)	381,722	(23,648)
Other income	2 (b)	3,260	33,945
<b>Total revenue and other income</b>		<b>384,982</b>	<b>10,297</b>
<b>Expenses</b>			
Investment management fees	3	235,386	238,601
Responsible entity fees	4	50,000	50,000
Trustee fees for sub-funds	4	9,165	9,000
Administration fees	4	37,049	33,728
Other expenses	5	75,782	112,270
Fund audit fee	6	26,000	22,360
Compliance audit fee	6	4,600	4,400
Custodian fees	7	27,557	21,107
<b>Total expenses</b>		<b>465,539</b>	<b>491,466</b>
<b>Profit/(Loss) before income tax</b>		<b>(80,557)</b>	<b>(481,169)</b>
<b>Income tax (credit)/expense</b>	8 (a)	298,290	(95,147)
<b>Total comprehensive loss</b>		<b>(378,847)</b>	<b>(386,022)</b>

**35 LATITUDE DEVELOPMENT FUND**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	9 (a)	860,250	166,211
Prepaid expenses	9 (b)	39,960	-
Inventories	10	5,398,322	9,408,263
Other receivables	11	103,740	275,146
<b>Total current assets</b>		<b>6,402,272</b>	<b>9,849,620</b>
<b>Non-current assets</b>			
Inventories	10	4,590,059	4,436,579
Prepaid expenses	9 (b)	3,440	18,988
Deferred tax	8 (c)	14,635	407,043
<b>Total non-current assets</b>		<b>4,608,134</b>	<b>4,862,610</b>
<b>Total assets</b>		<b>11,010,406</b>	<b>14,712,230</b>
<b>Current liabilities</b>			
Trade and other payables	12	100,000	2,109,190
Fees payable	13	78,483	81,992
Interest bearing liabilities	14	-	666,890
Current tax liability	8 (d)	-	53,030
<b>Total current liabilities</b>		<b>178,483</b>	<b>2,911,102</b>
<b>Non-current liabilities</b>			
Deferred tax	8 (c)	58,515	277,972
<b>Total non-current liabilities</b>		<b>58,515</b>	<b>277,972</b>
<b>Total liabilities</b>		<b>236,998</b>	<b>3,189,074</b>
<b>Net assets</b>		<b>10,773,408</b>	<b>11,523,156</b>
<b>Represented by:</b>			
Issued units	15 (a)	12,084,109	12,455,010
Accumulated losses		(1,310,701)	(931,854)
<b>Total equity</b>		<b>10,773,408</b>	<b>11,523,156</b>

**35 LATITUDE DEVELOPMENT FUND**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Issued Units \$	Accumulated losses \$	Attributable to Group \$	NCI \$	Total Equity \$
<b>Balance at 1 July 2019</b>		<b>11,246,010</b>	<b>(612,186)</b>	<b>10,633,824</b>	<b>66,354</b>	<b>10,700,178</b>
Issue of share capital		1,209,000	-	1,209,000	-	1,209,000
Recognition of Non-Controlling Interest on acquisition		-	66,354	66,354	(66,354)	-
Total comprehensive income for the year		-	(386,022)	(386,022)	-	(386,022)
<b>Balance at 30 June 2020</b>	15	<b>12,455,010</b>	<b>(931,854)</b>	<b>11,523,156</b>	<b>-</b>	<b>11,523,156</b>
<b>Balance at 1 July 2020</b>		<b>12,455,010</b>	<b>(931,854)</b>	<b>11,523,156</b>	<b>-</b>	<b>11,523,156</b>
Issue of share capital		1,121,713	-	1,121,713	-	1,121,713
Redemption of share capital		(1,492,614)	-	(1,492,614)	-	(1,492,614)
Non-Controlling Interest acquired in the year		-	-	-	-	-
Total comprehensive income for the year		-	(378,847)	(378,847)	-	(378,847)
<b>Balance at 30 June 2021</b>	15	<b>12,084,109</b>	<b>(1,310,701)</b>	<b>10,773,408</b>	<b>-</b>	<b>10,773,408</b>

**35 LATITUDE DEVELOPMENT FUND**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of inventory		9,932,000	5,613,000
Interest income		3,249	15,657
Rental income		-	18,288
Payment for inventories		(7,689,463)	(6,202,541)
Fund expenses paid		(452,981)	(474,642)
Income tax paid		(53,030)	-
Net cash (used in) operating activities	16	<u><b>1,739,775</b></u>	<u><b>(1,030,238)</b></u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		1,121,713	1,209,000
Unitholder redemptions		(1,499,490)	-
Loan proceeds		-	650,000
Loan repayments		(650,000)	(1,401,104)
Borrowing costs		(17,959)	(123,492)
Net cash provided by financing activities		<u><b>(1,045,736)</b></u>	<u><b>334,404</b></u>
Net increase in cash and cash equivalents		694,039	(695,834)
Cash and cash equivalents at the beginning of year		166,211	862,045
<b>Cash and cash equivalents at the end of year</b>	9 (a)	<u><u><b>860,250</b></u></u>	<u><u><b>166,211</b></u></u>

**35 LATITUDE DEVELOPMENT FUND**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The financial report is for the consolidated entities of the 35 Latitude Development Fund (“the Fund”) as detailed in Note 22. 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 2021.

**(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.

In assessing the appropriateness of the going concern basis the following factors have been taken into consideration by the Trustee:

- The Investment Manager expects the properties at Blackalls Park and Hamilton to settle by the end of 2021. This will provide the Fund with an inflow of approximately \$7 million.
- The Investment Manager also expects the project at Toronto to settle by mid-2022, providing an additional \$3 million of cash flow.
- Over the next 12 months to October 2022, the Fund has approximately \$3 million of contractual commitments with builders. There is another \$1.7 million option to purchase a property at the Belmont project due March 2022, however this is not a commitment and the Investment Manager can walk away from the option, although this is not the intention.
- Given the Investment Manager’s working relationship with the builders, they have the flexibility to delay works on site should they require additional funding. With this flexibility and the expected settlements in mind, there are sufficient cash inflows expected for the continuity of normal business activities.

**(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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Functional and presentation currency**

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

**(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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

**(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.

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**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.



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**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**

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.

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**NOTE 2: REVENUE**

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

**(a) Profit on sale of property**

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

Properties held by the Argenton Lake Unit Trust, Dickinson Pacific Unit Trust and Dubbo Project Unit Trust all settled in the 2021 Financial Year. Total revenue received is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total sale price	9,932,000	5,613,000
Inventory costs	(8,381,762)	(4,957,059)
GST expense	(718,957)	(443,000)
Selling costs	(80,360)	(150,600)
Loan interest expense	-	(85,989)
Consolidation adjustment	(369,199)	-
	<u><b>381,722</b></u>	<u><b>(23,648)</b></u>

**(b) Other income**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Bank interest	3,260	3,485
Rental income	-	18,288
Default interest income	-	12,172
	<u><b>3,260</b></u>	<u><b>33,945</b></u>

**Bank interest**

Cash on deposit is held by the Custodian (Perpetual Corporate Trust Limited) with Commonwealth Bank. The interest rate paid by Commonwealth Bank is currently nil.

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 from December 2020 is 0.12% p.a.

**NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Investment management fees	<u>235,386</u>	<u>238,601</u>
	<u><b>235,386</b></u>	<u><b>238,601</b></u>

**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.

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**NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES (continued)**

**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**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Responsible Entity fees	50,000	50,000
Administration fees	37,049	33,728
Trustee fees for sub-funds	9,165	9,000
	<u><b>96,214</b></u>	<u><b>92,728</b></u>

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 \$28,138 per annum from 1 July 2020 to 31 December 2020 and \$28,982 per annum from 1 January 2020 to 30 June 2021. 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 seven sub trusts is entitled to a fee of \$1,500 per annum and \$1,000 per annum (Administration fees are \$3,500 per annum for the Belmont SPV Unit Trust) respectively per sub trust. The Trustee and Administration Manager is a related party of the Responsible Entity.

**NOTE 5: OTHER EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Tax return fees	39,850	30,200
Establishment fees amortised	15,548	20,020
Bank fees	495	6,603
Other administration expenses	8,943	9,450
Legal fees	2,421	-
ASIC fees	1,267	1,064
Professional fees	-	3,500
Loan fees and charges	-	34,838
Interest expense	1,213	-
Insurance expenses	6,045	6,595
	<u><b>75,782</b></u>	<u><b>112,270</b></u>

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**NOTE 6: REMUNERATION OF AUDITORS**

The auditor of the Fund for the financial year ending 30 June 2021 was SW Australia.

Matt Schofield of SW Australia is the Compliance Plan auditor.

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Remuneration of Auditors:</b>		
Audit services		
Audit of financial report	26,000	22,360
Other regulatory audit services	4,600	4,400
	<u>30,600</u>	<u>26,760</u>
Other services		
Taxation services	39,850	30,200
	<u>39,850</u>	<u>30,200</u>
	<u><u>70,450</u></u>	<u><u>56,960</u></u>

**NOTE 7: CUSTODIAN FEES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Custodian fees	27,557	21,107
	<u>27,557</u>	<u>21,107</u>

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:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current tax expense/(benefit)	-	33,056
Deferred tax (origination and reversal of temporary differences)	173,221	(128,203)
Under/(over) tax expense	125,069	-
	<u>298,290</u>	<u>(95,147)</u>

The Fund has derecognised deferred tax assets of \$576,890 on tax losses for financial reporting purposes. The Fund can still utilise the tax losses in future periods, but has not recognised as an asset due to the probability that taxable profit will be available against the deductible temporary difference.

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**NOTE 8: INCOME TAX EXPENSE (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Accounting profit/(loss) before tax	(80,557)	(481,169)
Prima facie income tax on profit/loss before tax at statutory rate	(20,945)	(132,321)
Losses not recognised	103,821	(132,321)
Other differences	215,414	37,174
	<u><b>298,290</b></u>	<u><b>(95,147)</b></u>

**(c) Deferred tax balances**

	<b>Deferred tax assets</b>		<b>Deferred tax liabilities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Inventories	-	-	58,515	277,972
Tax losses	-	318,755	-	-
Other items	14,635	88,288	-	-
<b>Net tax assets/(liabilities)</b>	<u><b>14,635</b></u>	<u><b>407,043</b></u>	<u><b>58,515</b></u>	<u><b>277,972</b></u>

The Fund currently has \$590,825 of deferred tax assets arising from tax losses, however due to historical losses, is only able to recognise \$14,635 as an asset for financial reporting purposes. Should the Fund make profits in the future, it will still be able to utilise the full amount of tax losses against future profits.

**(d) Current tax balances**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current tax liability	-	53,030
	<u><b>-</b></u>	<u><b>53,030</b></u>

**NOTE 9: CURRENT ASSETS**

**(a) Cash at bank**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	860,250	166,211
	<u><b>860,250</b></u>	<u><b>166,211</b></u>

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**NOTE 9: CURRENT ASSETS (continued)**

**(b) Prepaid expenses**

	<b>2021</b>	<b>2020</b>
	\$	\$
Prepaid insurance	550	-
Prepaid selling costs	39,410	-
	<b>39,960</b>	<b>-</b>
	<b>2021</b>	<b>2020</b>
	\$	\$
Prepaid establishment costs	71,365	76,795
Less: amortisation	(67,925)	(57,807)
	<b>3,440</b>	<b>18,988</b>

**NOTE 10: INVENTORIES**

**(a) Real estate developments in progress**

As at 30 June 2021 the Fund's real estate developments comprised:

	<b>2021</b>	<b>2020</b>
	\$	\$
124 The Boulevard, Toronto*	903,244	705,099
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)*	1,134,454	1,109,952
JV Waratah Golf Course	72,248	62,989
404-406 Lake Rd, Argenton	-	3,722,890
10 Faucett St, Blackalls Park*	3,360,624	1,237,941
11a Dickinson St, Charlestown	-	3,742,333
Dubbo Unit Trust, Morgan St, Dubbo	1,725,341	2,691,860
38 French Rd, Wangi Wangi	575,491	571,778
36 Macquarie St & 1 Walter St, Belmont	2,216,979	-
	<b>9,988,381</b>	<b>13,844,842</b>

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

**(b) Reconciliation of movement in balance**

	<b>2021</b>	<b>2020</b>
	\$	\$
Brought forward	13,844,842	11,319,272
Capitalisation of development costs	4,811,259	7,267,372
Disposal of inventories	(8,381,762)	(4,699,375)
Fair Value adjustment	(285,958)	(42,427)
	<b>9,988,381</b>	<b>13,844,842</b>

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**NOTE 10: INVENTORIES (continued)**

**(c) Details of properties classified as investments**

<b>Trust Name</b>	<b>Property Location</b>	<b>Details</b>
35 Latitude Development Fund	Hudson St. (formerly 5-7 Swan St), Hamilton	8 Apartments over three levels
35 Latitude Development Fund	124 The Boulevard, Toronto	6 three-bedroom dwellings
35 Latitude Development Fund	Waratah Golf Course	Potential development of townhouses following rezone
Belmont SPV Unit Trust	36 Macquarie Street, Belmont 1 Walter Street, Belmont (option)	DA lodged to create 37 residential and 3 commercial units over 9 levels with 3 underground levels of parking.
Blackalls Unit Trust	10 Faucett St, Blackalls Park	15 double story townhouses
Dubbo Unit Trust	Morgan St, Dubbo	5 blocks dedicated for small lot housing along with a master villa site to house 12 two-bedroom 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**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
GST receivable	103,740	324,300
GST payable	-	(49,154)
	<b><u>103,740</u></b>	<b><u>275,146</u></b>

**NOTE 12: TRADE AND OTHER PAYABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	-	2,109,190
Investment Option - Belmont	100,000	-
	<b><u>100,000</u></b>	<b><u>2,109,190</u></b>

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**NOTE 13: FEES PAYABLE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trustee fees payable	-	750
Administration fees payable	-	2,845
Custodian fees payable	5,000	5,238
Responsible entity fees payable	-	4,167
Other administration expenses payable	-	4,550
Fund audit fees payable	24,000	14,000
Compliance audit fees payable	4,500	2,150
ASIC annual fees payable	1,400	1,400
Provision for tax return fees	24,000	25,700
Investment Manager fees payable	19,583	21,192
	<u><b>78,483</b></u>	<u><b>81,992</b></u>

**NOTE 14: INTEREST BEARING LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Argenton Lake Unit Trust: Investment Manager Loan	-	666,890
	<u><b>-</b></u>	<u><b>666,890</b></u>

The Fund also negotiated two loan facilities with the Investment Manager to finance the completion of the 404-406 Lake Rd, Argenton project. The facilities were repaid on the 6<sup>th</sup> of July 2020.

**NOTE 15: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Issued units in \$**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
Opening balance	14,036,089	12,455,010	12,639,257	11,246,010
Units issued – applications	1,279,758	1,121,713	1,396,832	1,209,000
Units redeemed	(1,688,614)	(1,492,614)	-	-
<b>Closing balance</b>	<u><b>13,627,233</b></u>	<u><b>12,084,109</b></u>	<u><b>14,036,089</b></u>	<u><b>12,455,010</b></u>

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.



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**NOTE 16: CASH FLOW INFORMATION**

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

	2021	2020
	\$	\$
Profit/(Loss) for the year	211,978	(386,022)
Add back borrowing costs (financing activity)	1,114	123,492
<b>Changes in assets and liabilities:</b>		
(Increase) in prepaid expenses	(24,411)	38,828
(Increase) in inventories	3,863,292	(2,525,570)
(Increase) in deferred tax assets	(198,417)	8,984
Increase in payables	(1,841,294)	1,766,234
Increase in current tax liabilities	(53,030)	53,030
Increase in deferred tax liabilities	(219,457)	(109,214)
Non-cash acquisition of inventories	-	-
<b>Cash flows from operating activities</b>	<u><u>1,739,775</u></u>	<u><u>(1,030,238)</u></u>

**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 6,079,780 units in the sub trusts in their capacity as Responsible Entity of 35 Latitude Development Fund.

**(b) Trustee**

Fees of \$5,500 (plus GST) were paid to DHF Investment Managers Pty Ltd for its role as Trustee of four of the seven sub trusts, of which \$550 is claimable as GST.

Fees of \$2,000 (plus GST) were paid to Vasco Fund Services Pty Limited for its role as Trustee of two of the seven sub trusts, of which \$200 is claimable as GST.

Fees of \$1,665 (plus GST) were paid to Vasco Fund Services Pty Limited for its role as Trustee of two of the seven sub trusts, of which \$167 is claimable as GST.

DHF Investment Managers Pty Ltd, Vasco Fund Services Pty Limited and VT No.1 Pty Ltd are related parties of the Responsible Entity.

VT No.1 Pty Ltd, the Trustee of the Belmont SPV Unit Trust, is a related party of the Responsible Entity.

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**NOTE 17: RELATED PARTY TRANSACTIONS (continued)**

**(c) Investment Manager**

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

Fees of \$235,386 (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 \$23,539 is claimable by the Fund as GST.

The Investment Manager received a total of \$1,114 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 355,347 units (2.6% 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 \$28,560 (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 \$2,856 is claimable by the Fund as GST.

Administration fees of \$8,489 (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 \$849 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 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 2021 there were no material contingent liabilities that the Directors are aware of other than the commitments disclosed in Note 1 (b).

**NOTE 19: UNRECOGNISED DEFERRED TAX ASSET**

As at 30 June 2021, there were unrecognised deferred tax assets of \$590,825, which are contingent on the fund earning a taxable income in future periods to which it can utilise accumulated deductible tax losses.

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**NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE**

On the 23rd September 2021, Notice was received for a matter listed for mention at the New South Wales Civil and Administrative Tribunal in relation to a request for rectification of defects notice for a property in the Main Road Unit Trust. The Main Road Unit Trust is 100% owned by the 35 Latitude Development Fund. At this stage, quantification of any cost attributable to the Main Road Unit Trust is not possible. The plaintiff is currently seeking rectification under the builders guarantee insurance, and requiring the builder to rectify the building defects they have identified.

Since 30 June 2021, the Fund has raised additional capital of \$1,653,000. This will assist in funding future project development costs. The Hamilton site has received off-market interest, which has encouraged the Investment Manager to sell as DA approved site via a formal auction campaign. This will enable the Fund to maximise profits for the project and allow the funds to be better utilised on other projects.

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

**NOTE 21: 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.

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**NOTE 21: 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:

	<b>2021</b>	<b>2020</b>
	\$	\$
Cash and cash equivalents	860,250	166,211
	<u><b>860,250</b></u>	<u><b>166,211</b></u>

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:

	<b>2021</b>	<b>2020</b>
	\$	\$
Cash and cash equivalents	860,250	166,211
Interest bearing liabilities	-	(666,890)

Based on the Fund's interest-bearing borrowings at 30 June 2021, 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 no different.

**(f) Maturity Analysis**

	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Total</b>
	\$	\$	\$
<b>Financial liabilities due</b>			
Interest bearing liabilities	-	-	-
<b>Total expected outflows</b>	-	-	-

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**NOTE 22: RESPONSIBLE ENTITY DETAILS**

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

Vasco Trustees Limited

Level 4

99 William Street

Melbourne Victoria 3000

**NOTE 23: 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 2021 %	Ownership 2020 %
Argenton Lake Unit Trust	Australia	Development	-	100
Blackalls Unit Trust	Australia	Development	100	100
Dickinson Pacific Unit Trust	Australia	Development	-	100
Dubbo Project Unit Trust	Australia	Development	100	100
Main Road Unit Trust	Australia	Development	-	100
Rustyk Unit Trust	Australia	Development	100	100
Belmont SPV Unit Trust	Australia	Development	100	-

The Fund fully redeemed its units on June 30 2021 in the Argenton Lake Unit Trust, the Dickinson Pacific Unit Trust and the Main Road Unit Trust. These sub-trusts are no longer operational and have been fully wound up.

**NOTE 24: PARENT ENTITY INFORMATION**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current assets	777,201	42,347
Total assets	13,120,978	12,576,761
Current liabilities	(1,036,037)	(716,062)
Total liabilities	<u>(1,093,444)</u>	<u>(716,062)</u>
Net assets	<b><u>12,027,534</u></b>	<b><u>11,860,699</u></b>
Issued units	(12,084,109)	(12,455,010)
Retained earnings brought forward	594,311	428,823
(Profit)/loss for year	<u>(537,736)</u>	<u>165,488</u>
Total shareholders' equity	<b><u>(12,027,534)</u></b>	<b><u>(11,860,699)</u></b>
Profit/(loss) for the year	<u>41,900</u>	<u>(310,431)</u>
<b>Total comprehensive loss</b>	<b><u>41,900</u></b>	<b><u>(310,431)</u></b>

**35 LATITUDE DEVELOPMENT FUND  
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**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 2021 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 Dunstan*

**Craig Dunstan**

Director

29 October 2021

## 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 consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, consolidated statement of cash flows for the year 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 2021 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 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 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.

#### 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 2021, 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.

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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 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 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**  
Chartered Accountants

  
Rami Eltchelebi  
Partner

Melbourne, 29 October 2021