



35 LATITUDE DEVELOPMENT FUND

ARSN 620 185 266

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

**35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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Effective 20 May 2022, Vasco Trustees Limited executed a Deed of Retirement and Appointment (DORA) with Vasco Responsible Entity Services Limited. Vasco Responsible Entity Services Limited is the new Responsible Entity of the 35 Latitude Development Fund. The detail of the change in Responsible Entity is set out in Note 17 to the Financial Statements.

The Directors of the Responsible Entity, Vasco Responsible Entity Services Limited, present their report on the 35 Latitude Development Fund (“the Fund”) for the year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001* the Directors report as follows:

1. Directors

Directors of Vasco Trustees Limited for the period 1 July 2021 to 19 May 2022

The names of Directors of the Responsible Entity in office at any time during the period 1 July 2021 to 19 May 2022 were:

Craig Mathew Dunstan

Jonathan William Martin

Reginald Bancroft

Directors of Vasco Responsible Entity Services Limited for the period 20 May 2022 to 30 June 2022

The names of Directors of the Responsible Entity in office at any time during the period 20 May 2022 to 30 June 2022 were:

Craig Mathew Dunstan

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.

The product offered by the fund is likely to be appropriate for those investors seeking capital growth to be used as a small allocation (less than 25%) within a portfolio where the investor has a medium to long term investment timeframe, a very high to high risk/return profile and does not need access to capital for a period of at least 24 months.

3. Operating Results

The operating profit of the Fund for the financial year ending 30 June 2022 was \$389,407 (2021: Loss \$378,847).

4. Review of Operations

Since inception, the Fund has issued 11,509,143 units, net of redemptions.

During the financial year 1,911,438 (2021: 1,279,758) units have been issued and 4,029,528 (2021: 1,688,614) units have been redeemed. The Fund had 84 investors as at 30 June 2022.

The Fund and its sub-trusts became a tax consolidated group from 1 July 2020. In effect the group operates as a single-entity for tax purposes, providing better tax efficiency. The structure of the consolidated group is set out in Note 21 to the Financial Statements.

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4. Review of Operations (continued)

As at 30 June 2022 the Fund's investments classified as inventories comprised the following:

Investment	\$
124 The Boulevard, Toronto	1,849,479
JV Waratah Golf Course	107,108
36 Macquarie Street and 1 Walter Street, Belmont	5,430,403
Morgan St, Dubbo	1,292,456
Total	8,679,446

The properties held by Blackalls Unit Trust began settling in March 2021, with the final unit settling on 17 December 2021. The properties held by Dubbo Project Unit Trust began settling in May 2021. As at 30 June 2022, one lot remained unsettled. The property held by Rustyk Unit Trust was settled on 16 June 2022. In September 2020, the Fund entered into a Deed of Call Option to acquire a development property at 1 Walter Street, Belmont. The option was exercised in February 2022, and the contract was fully settled in April 2022. The properties held by Belmont SPV Unit Trust have all entered in a Contract of Sales in May 2022, the properties are expected to be settled in Financial Year 2023.

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 and other market pressures. 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).

Sales enquiries through agent partners have remained strong after an initial drop 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 four development sub trusts.

5. Review of Performance

Unit Class	2022 % p.a.	2021 % p.a.
Ordinary units	(11.32)	(0.15)

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6. Unit Redemption Prices

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

	2022 (consolidated)	2021
	\$	\$
At 30 June	0.7620	0.8593
High during year	0.9992	0.8991
Low during year	0.7620	0.8593

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

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

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

7. Distributions Paid or Recommended

In accordance with the Product Disclosure Statement (PDS) of the Fund dated 14 April 2022, the Responsible Entity intends to make distributions of income at the end of each financial year, which should 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 2022, the value of the pending applications was nil. The Fund will not be accepting any further investments.

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, 4,029,528 units were redeemed by the Responsible Entity pursuant to a Withdrawal Offer made to all unitholders on 10 May 2022.

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.

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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.

12. Value of Scheme Assets

The Gross Asset Value (GAV) of the Fund's assets at the end of the financial year was \$10,450,817 (2021: \$11,010,406). The Net Asset Value (NAV) at the end of the financial year was \$8,769,808 (2021: \$10,773,408).

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

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

In July 2022, the Investment Manager informed the Responsible Entity that it is their intention to wind up the Fund following the exit from all remaining investments. This process may take 12 months or more. As a consequence of their decision, no Withdrawal Offer will be made until the process is complete. These financial statements have been prepared on a liquidation basis.

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.

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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 \$36,183 (plus GST) were accrued and paid by the Fund to the Administration Manager. In addition, fees of \$6,000 (plus GST) were accrued and paid to the Trustee of the sub trusts for the period.

Fees of \$259,678 (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 2022, the Investment Manager held 10 units in the Fund and 377,347 units were held by related parties of the Investment Manager.

As at 30 June 2022, Vasco Custodians Pty Ltd holds 6,079,780 units in four active sub trusts of the Fund in its capacity as Responsible Entity for 35 Latitude Development Fund.

19. Interests in the Fund

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

The value of the Fund's assets and liabilities is disclosed on the Statement of Financial Position 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 Responsible Entity Services Limited by:

Craig Dunstan

Craig Dunstan

Director

Date: 8 November 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE MEMBERS 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 2022 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.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



Rami Eltchelebi
Partner

Melbourne, 8 November 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
Revenue and other income			
Profit on sale of property	2 (a)	202,171	381,722
Other income	2 (b)	131,446	3,260
Total revenue and other income		333,617	384,982
Expenses			
Investment management fees	3	259,678	235,386
Responsible entity fees	4	50,000	50,000
Trustee fees for sub-funds	4	6,000	9,165
Administration fees	4	36,183	37,049
Other expenses	5	62,003	75,782
Fund audit fee		26,250	26,000
Compliance audit fee		5,000	4,600
Custodian fees	7	20,555	27,557
Total expenses		465,669	465,539
(Loss) before income tax		(132,052)	(80,557)
Income tax (benefit)/ expense	8 (a)	(521,459)	298,290
Total comprehensive Profit/ (loss)		389,407	(378,847)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	9 (a)	1,117,062	860,250
Prepaid expenses	9 (b)	618	39,960
Inventories	10	5,430,403	5,398,322
Other receivables	11	58,780	103,740
Total current assets		6,606,863	6,402,272
Non-current assets			
Inventories	10	3,249,043	4,590,059
Prepaid expenses	9 (b)	1,487	3,440
Deferred tax asset	8 (c)	593,424	14,635
Total non-current assets		3,843,954	4,608,134
Total assets		10,450,817	11,010,406
Current liabilities			
Trade and other payables	12	72,342	100,000
Fees payable	13	83,108	78,483
Sales proceeds received in advance	14	400,000	-
Current tax liability	8 (d)	-	-
Total current liabilities		555,450	178,483
Non-current liabilities			
Deferred tax liability	8 (c)	1,125,559	58,515
Total non-current liabilities		1,125,559	58,515
Total liabilities		1,681,009	236,998
Net assets		8,769,808	10,773,408
Represented by:			
Issued units	15 (a)	10,160,398	12,084,109
Accumulated losses	15 (b)	(1,390,590)	(1,310,701)
Total equity		8,769,808	10,773,408

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Issued Units \$	Accumulated losses \$	Attributable to Group \$	Total Equity \$
Balance at 1 July 2021		12,084,109	(1,310,701)	10,773,408	10,773,408
Issue of share capital		1,653,000	-	1,653,000	1,653,000
Redemption of share capital		(3,576,711)	-	(3,576,711)	(3,576,711)
Capital redemption		-	(449,593)	(449,593)	(449,593)
Total comprehensive income for the year		-	389,407	389,407	389,407
Transfers to accumulated losses		-	(19,703)	(19,703)	(19,703)
Balance at 30 June 2022	15	10,160,398	(1,390,590)	8,769,808	8,769,808
Balance at 1 July 2020		12,455,010	(931,854)	11,523,156	11,523,156
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)
Balance at 30 June 2021	15	12,084,109	(1,310,701)	10,773,408	10,773,408

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Proceeds from sale of inventory		8,740,512	9,932,000
Interest income		682	3,249
Rental income		1,500	-
Payment for inventories		(5,619,411)	(7,689,463)
Fund expenses paid		(493,266)	(452,981)
Income tax refunded/ (paid)		99	(53,030)
Net cash provided by operating activities	16	<u>2,630,116</u>	<u>1,739,775</u>
Cash flows from financing activities			
Proceeds from issue of units		1,653,000	1,121,713
Unitholder redemptions		(4,026,304)	(1,499,490)
Loan repayments		-	(650,000)
Borrowing costs		-	(17,959)
Net cash (used in) financing activities		<u>(2,373,304)</u>	<u>(1,045,736)</u>
Net increase in cash and cash equivalents		256,812	694,039
Cash and cash equivalents at the beginning of year		860,250	166,211
Cash and cash equivalents at the end of year	9 (a)	<u><u>1,117,062</u></u>	<u><u>860,250</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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 Responsible Entity Services 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 and basis of preparation

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* as relevant to the liquidation basis of preparation as it’s the intention of the Responsible Entity to wind up the Fund.

The financial statements were approved by the Board of Directors of the Responsible Entity on 8 November 2022.

(b) 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 as relevant for the liquidation basis of preparation.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies

(a) Income Tax

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

(b) Cash and Cash Equivalents

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

(c) Deferred Tax

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

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

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

Deferred tax assets and liabilities are offset where:

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

(d) Current Tax

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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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NOTES TO THE FINANCIAL STATEMENTS
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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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

The Hamilton project held by the head trust and properties held by the Dubbo Project Unit Trust and Blackalls Unit Trust were settled in the 2022 Financial Year. Total revenue received is as follows:

	2022	2021
	\$	\$
Total sale price	8,188,500	9,932,000
Inventory costs	(7,274,659)	(8,381,762)
GST expense	(580,244)	(718,957)
Selling costs	(133,425)	(80,360)
Consolidation adjustment	-	(369,199)
	<u>200,172</u>	<u>381,722</u>
Refund of withheld sales proceeds from closed sub trust	1,999	-
	<u>202,171</u>	<u>381,722</u>

(b) Other income

	2022	2021
	\$	\$
Capital gain on disposal of land, 38 French Rd Wangi Wangi	129,264	-
Bank interest	682	3,260
Rental income	1,500	-
	<u>131,446</u>	<u>3,260</u>

Capital gain on settlement of land

Land held by the Rustyk Unit Trust was settled in June 2022. As there was no improvement work completed on the land, the proceeds from sale were categorised as a capital gain. The calculation of the capital gain is as follows:

	2022	2021
	\$	\$
Capital proceeds		
Sale price	<u>640,000</u>	<u>-</u>
Total capital proceeds	<u>640,000</u>	<u>-</u>
Cost base		
First element	423,208	-
Second element	8,613	-
Third element	20,298	-
Forth element	<u>58,616</u>	<u>-</u>
Total cost base	<u>510,736</u>	<u>-</u>
Total capital gain	<u>129,264</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES

	2022	2021
	\$	\$
Investment management fees	259,678	235,386
	259,678	235,386

Investment management fees

In accordance with the PDS 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 PDS 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

	2022	2021
	\$	\$
Responsible Entity fees	50,000	50,000
Administration fees	36,183	37,049
Trustee fees for sub-funds	6,000	9,165
	92,183	96,214

In accordance with the PDS 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 \$28,982 per annum from 1 July 2021 to 31 December 2021 and \$29,851 per annum from 1 January 2021 to 30 June 2022 for services provided to the Fund. The fee will increase by 3% on 1 January of each year. The Administration Manager is a related party of the Responsible Entity.

The Trustees of the Blackalls Unit Trust, Dubbo Project Unit Trust, Rustyk Unit Trust, and Belmont SPV Unit Trust were entitled to a fee of \$1,500 per annum respectively per sub trust. The Trustees are related parties of the Responsible Entity.

The Administration Manager of the Blackalls Unit Trust, Dubbo Project Unit Trust, and Rustyk Unit Trust was entitled to a fee of \$1,000 per annum respectively per sub trust. The Administration Manager of the Belmont SPV Unit Trust was entitled to an administration fee of \$3,675 per annum from 1 July 2021 to 31 December 2021 and \$3,859 per annum from 1 January 2021 to 30 June 2022. The fee will increase by 5% on 1 January of each year for the Belmont SPV Unit Trust only. The Administration Manager is a related party of the Responsible Entity.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: OTHER EXPENSES

	2022	2021
	\$	\$
Tax return fees	25,500	39,850
Establishment fees amortised	1,953	15,548
Bank fees	42	495
Other administration expenses	11,387	8,943
Legal fees	8,291	2,421
Professional fees	5,750	-
ASIC fees	1,625	1,267
Interest expense	-	1,213
Insurance expenses	7,348	6,045
Miscellaneous expenses	107	-
	62,003	75,782

NOTE 6: REMUNERATION OF AUDITORS

The auditor of the Fund for the financial year ending 30 June 2022 was SW Audit (formerly ShineWing Australia).

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

	2022	2021
	\$	\$
Audit and review of financial statements		
Audit and review of financial statements for the Group	25,750	24,500
Total audit and review of financial statements	<u>25,750</u>	<u>24,500</u>
Other regulatory audit services		
Compliance audit	5,000	4,750
Total other regulatory audit services	<u>5,000</u>	<u>4,750</u>
Non-audit services		
Taxation services*	25,500	39,850
Advisory services*	4,250	-
Total non-audit services	<u>29,750</u>	<u>39,850</u>
Total remuneration of auditors	<u>60,500</u>	<u>69,100</u>

*The taxation and advisory services fees were included in tax return fees and professional fees respectively in Note 5: Other Expenses.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 7: CUSTODIAN FEES

	2022	2021
	\$	\$
Custodian fees	20,555	27,557
	<u>20,555</u>	<u>27,557</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:

	2022	2021
	\$	\$
Current tax expense/ (benefit)	-	-
Deferred tax expense/ (benefit)	(521,459)	173,221
Under/ (over) tax expense	-	125,069
	<u>(521,459)</u>	<u>298,290</u>

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

	2022	2021
	\$	\$
Accounting (loss) before tax	(132,052)	(80,557)
Prima facie income tax on profit/loss before tax at statutory rate	(33,013)	(20,945)
Tax profit on sale of other assets – assessable balancing adjustment	36,001	-
Losses not recognised	-	103,821
Prior year losses now recognised	(573,613)	-
(Over)/ under provision of prior year income tax	51,763	-
Holding costs	(2,597)	-
Other differences	-	215,414
	<u>521,459</u>	<u>298,290</u>

(c) Deferred tax balances

	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
	\$	\$	\$	\$
Inventories	593,424	14,635	1,125,559	58,515
Tax losses	-	-	-	-
Other items	-	-	-	-
Net tax assets/(liabilities)	<u>593,424</u>	<u>14,635</u>	<u>1,125,559</u>	<u>58,515</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8: INCOME TAX EXPENSE (continued)

(d) Current tax balances

	2022	2021
	\$	\$
Current tax liability	-	-

NOTE 9: CURRENT ASSETS

(a) Cash at bank

	2022	2021
	\$	\$
Cash and cash equivalents	1,117,062	860,250
	1,117,062	860,250

(b) Prepaid expenses

	2022	2021
	\$	\$
Prepaid insurance	618	550
Prepaid selling costs	-	39,410
Total current prepaid expenses	618	39,960

	2022	2021
	\$	\$
Prepaid establishment costs	71,365	71,365
Less: amortisation	(69,878)	(67,925)
Total non-current prepaid expenses	1,487	3,440

NOTE 10: INVENTORIES

(a) Real estate developments in progress

As at 30 June 2022 the Fund's real estate developments comprised:

	2022	2021
	\$	\$
124 The Boulevard, Toronto	1,849,479	903,243
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	-	1,134,455
JV Waratah Golf Course	107,108	72,248
10 Faucett St, Blackall Park	-	3,360,624
Dubbo Unit Trust, Morgan St, Dubbo	1,292,456	1,725,341
38 French Rd, Wangi Wangi	-	575,491
36 Macquarie St & 1 Walter St, Belmont*	5,430,403	2,216,979
	8,679,446	9,988,381

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

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: INVENTORIES (continued)

(b) Reconciliation of movement in balance

	2022	2021
	\$	\$
Brought forward	9,988,381	13,844,842
Capitalisation of development costs	5,486,546	4,811,259
Disposal of inventories	(7,785,395)	(8,381,762)
Fair Value adjustment	989,913	(285,958)
Rounding	1	-
	<u>8,679,446</u>	<u>9,988,381</u>

Inventories	2022	Rounding	Disposal	Revaluation	Development Costs	2021
	\$	\$	\$	\$	\$	\$
124 The Boulevarde, Toronto	1,849,479	-	-	-	946,236	903,243
Hudson St, Hamilton (formerly 5-7 Swan St, Hamilton)	-	-	(1,143,970)	-	9,515	1,134,455
JV Waratah Golf Course	107,108	-	-	-	34,860	72,248
10 Faucett St, Blackall Park	-	-	(5,692,491)	53,911	2,277,956	3,360,624
Dubbo Unit Trust, Morgan St, Dubbo	1,292,456	1	(438,198)	(11,296)	16,608	1,725,341
38 French Rd, Wangi Wangi	-	-	(510,736)	(75,901)	11,146	575,491
36 Macquarie St & 1 Walter St, Belmont*	5,430,403	-	-	1,023,199	2,190,225	2,216,979
	<u>8,679,446</u>	<u>1</u>	<u>(7,785,395)</u>	<u>989,913</u>	<u>5,486,546</u>	<u>9,988,381</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10: INVENTORIES (continued)

(c) Details of properties classified as investments

Trust Name	Property Location	Details
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	Vacant land, contract of sales exchanged in May 2022
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

NOTE 11: OTHER RECEIVABLE

	2022	2021
	\$	\$
GST receivable	58,780	103,740
	<u>58,780</u>	<u>103,740</u>

NOTE 12: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	13,360	-
GST payable	58,982	-
Investment Option – Belmont	-	100,000
	<u>72,342</u>	<u>100,000</u>

NOTE 13: FEES PAYABLE

	2022	2021
	\$	\$
Custodian fees payable	5,254	5,000
Fund audit fees payable	25,750	24,000
Compliance audit fees payable	9,500	4,500
ASIC annual fees payable	1,400	1,400
Provision for tax return fees	22,000	24,000
Investment Manager fees payable	19,204	19,583
	<u>83,108</u>	<u>78,483</u>

35 LATITUDE DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14: SALES PROCEEDS RECEIVED IN ADVANCE

	2022	2021
	\$	\$
Deposit received as per contract of sales for 36 Macquarie St & 1 Walter St, Belmont SPV Unit Trust	400,000	-
	400,000	-
	400,000	-

NOTE 15: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units in \$

	2022	2022	2021	2021
	Units	\$	Units	\$
Opening balance	13,627,233	12,084,109	14,036,089	12,455,010
Units issued – applications	1,911,438	1,653,000	1,279,758	1,121,713
Units redeemed	(4,029,528)	(3,576,711)	(1,688,614)	(1,492,614)
Closing balance	11,509,143	10,160,398	13,627,233	12,084,109
	11,509,143	10,160,398	13,627,233	12,084,109

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) Accumulated losses

	2022	2021
	\$	\$
Capital redemption	(456,469)	(6,877)
Revaluation reserve	(162,464)	712,855
Retained earnings	(1,161,064)	(1,637,832)
Current year earnings/ (losses)	389,407	(378,847)
Closing balance	(1,390,590)	(1,310,701)
	(1,390,590)	(1,310,701)

(c) 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.

35 LATITUDE DEVELOPMENT FUND
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NOTE 16: CASH FLOW INFORMATION

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

	2022	2021
	\$	\$
Profit/ (Loss) for the year	389,407	211,978
Add back borrowing costs (financing activity)	-	1,114
(Increase)/ decrease in assets		
Receivables	44,960	-
Prepayments	41,295	(24,411)
Inventories	1,289,232	3,863,292
Deferred tax assets	(578,789)	(198,417)
	<u>796,698</u>	<u>3,640,464</u>
Increase/ (decrease) in liabilities		
Payables	(23,033)	(1,841,294)
Sales proceeds received in advance	400,000	-
Increase in current tax liabilities	-	(53,030)
Increase in deferred tax liabilities	1,067,044	(219,457)
	<u>1,444,011</u>	<u>(2,113,781)</u>
Cash flows from operating activities	<u><u>2,630,116</u></u>	<u><u>1,739,775</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 Fund was Vasco Trustees Limited for the period 1 July 2021 to 19 May 2022. The Responsible Entity of the 35 Latitude Development Fund is Vasco Responsible Services Limited for the period 20 May 2022 to 30 June 2022.

Fees of \$44,220 (plus GST) were accrued and paid by the Fund to Vasco Trustees Limited for its role as Responsible Entity for the period 1 July 2021 to 19 May 2022, of which \$4,422 is claimable by the Fund as GST.

Fees of \$5,780 (plus GST) were accrued and paid by the Fund to Vasco Responsible Entity Services Limited for its role as Responsible Entity for the period 20 May 2022 to 30 June 2022, of which \$578 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 17: RELATED PARTY TRANSACTIONS (continued)

(b) Trustee

Fees of \$4,500 (plus GST) were paid to DHF Investment Managers Pty Ltd for its role as Trustee of three of the four sub trusts, of which \$450 is claimable as GST.

Fees of \$1,500 (plus GST) were paid to VT No.1 Pty Ltd for its role as Trustee of one of the four sub trusts, of which \$150 is claimable as GST.

DHF Investment Managers Pty Ltd and VT No.1 Pty Ltd are related parties of the Responsible Entity.

(c) Investment Manager

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

Fees of \$259,678 (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 \$25,968 is claimable by the Fund as GST.

An executive director of the Investment Manager held 10 units in the Fund and 377,347 units (3.3% of issued units) were held by related parties of the Investment Manager.

(d) Administration Manager

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

Administration fees of \$29,416 (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 \$2,942 is claimable by the Fund as GST.

Administration fees of \$6,767 (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 \$676 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 for the period 1 July 2021 to 19 May 2022, Vasco Responsible Entity Services Limited for the period 20 May 2022 to 30 June 2022, 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 2022 there were no material contingent liabilities that the Directors are aware of other than the commitments disclosed in Note 1 (b).

35 LATITUDE DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

In July 2022, the Investment Manager informed the Responsible Entity that it is their desire to wind up the Fund following the exit from all remaining investments, this process may take 12 months or more. As a consequence of their decision, no Withdrawal Offer will be made until the process is complete.

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

NOTE 20: FINANCIAL RISK MANAGEMENT

(a) Liquidity Risk

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

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

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

(b) Market Risk

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

(c) Property Value Risk

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

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

(d) Development and construction risk

The Fund will be investing in property development projects which are subject to risks which can affect the returns available to Investors. These risks may include the inability to obtain appropriate or sufficient government planning approval to undertake a successful development of a property; the risk of costs overruns and costs to complete any construction work may be more than forecast and additional capital or finance may need to be sourced.

Additional risks may cover areas such as the completion of buildings under contract could be delayed due to the fault of the developer or other unforeseen events; the development and construction can be subject to external influence over which the Fund has little or no control. There are also risks associated with the potential deterioration of material, labour and general market conditions.

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NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

(e) 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:

	2022	2021
	\$	\$
Cash and cash equivalents	1,117,062	860,250
	<u>1,117,062</u>	<u>860,250</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.

(f) 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:

	2022	2021
	\$	\$
Cash and cash equivalents	1,117,062	860,250
Interest bearing liabilities	-	-
	<u>1,117,062</u>	<u>860,250</u>

NOTE 21: 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	Ownership
			2022	2021
			%	%
Blackalls Unit Trust	Australia	Development	100	100
Dubbo Project Unit Trust	Australia	Development	100	100
Rustyk Unit Trust	Australia	Development	100	100
Belmont SPV Unit Trust	Australia	Development	100	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.

35 LATITUDE DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 22: PARENT ENTITY INFORMATION

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

	2022	2021
	\$	\$
Total assets	16,036,473	13,120,978
Total liabilities	<u>(3,509,090)</u>	<u>(1,093,444)</u>
Net assets	<u>12,527,383</u>	<u>12,027,534</u>
Issued units	(10,160,398)	(12,084,109)
Losses/ (retained earnings) brought forward	697,354	594,311
(Profit)/ loss for year	<u>(3,064,339)</u>	<u>(537,736)</u>
Total shareholders' equity	<u>(12,527,383)</u>	<u>(12,027,534)</u>
Profit/ (loss) for the year	<u>(213,759)</u>	<u>41,900</u>
Total comprehensive loss	<u>(213,759)</u>	<u>41,900</u>

NOTE 23: RESPONSIBLE ENTITY DETAILS

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

Vasco Responsible Entity Services Limited

Level 4

99 William Street

Melbourne Victoria 3000

35 LATITUDE DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS' DECLARATION

In the opinion of the Directors of Vasco Responsible Entity Services 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 2022 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* as relevant to the liquidation basis of preparation; 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.

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

Craig Dunstan

Craig Dunstan

Director

8 November 2022

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 2022, 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 2022 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001* as relevant to the liquidation basis of preparation.

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.

Emphasis of Matter – Liquidation Basis of Preparation

We draw attention to Note 2 to the financial report, which describes the liquidation basis of preparation. Under the liquidation basis of preparation, all assets and liabilities are measured at their liquidation value. Our opinion is not modified in respect of this matter.



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

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the 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* as relevant to the liquidation basis of preparation, 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 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.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants



Rami Eltchelebi
Partner

Melbourne, 8 November 2022