



35 LATITUDE DEVELOPMENT FUND

ARSN 620 185 266

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2024

**35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

Table of Contents

RESPONSIBLE ENTITY REPORT	3
FINANCIAL STATEMENTS.....	8
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS.....	11
NOTES TO THE FINANCIAL STATEMENTS.....	12
 DIRECTORS' DECLARATION	 28

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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 2024. 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

Jonathan William Martin

Reginald Bancroft

The names of the Director of the Responsible Entity appointed subsequent to period end:

Patrice Lo (appointed July 1 2024)

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 total comprehensive profit / (loss) of the Fund for the financial year ending 30 June 2024 was (\$527,658) (2023: \$2,040,372 profit)

4. Review of Operations

The wind-up process is almost complete, as most tangible investments have been sold and a number of redemptions have occurred to distribute funds when available.

The Responsible Entity (RE) is concerned about a potential liability for defective building work at some of the residential properties developed and sold by the Fund. Accordingly, the RE has determined to not make a full distribution of capital to investors at this time and instead retain some funds in order to respond to any potential liability. Funds will be distributed once the various defect period has passed. The RE will provide further update to investors towards the end of each defect period.

Since inception, the Fund has issued 2,720,901 units on issue. During the financial year, 3,032,210 (2023: 5,756,032) units have been compulsorily redeemed on a fund-wide basis. The Fund had 84 investors as at 30 June 2024.

The Fund and its sub-trusts are a tax consolidated group. In effect the group operates as a single-entity for tax purposes. The structure of the consolidated Fund is set out in Note 21 to the Financial Statements.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024

4. Review of Operations (continued)

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

Investment	2024 \$	2023 \$
124 The Boulevard, Toronto	-	3,054,725
Morgan St, Dubbo	-	680,0000
Total	-	3,734,725

The investment assets at 124 The Boulevard, Toronto were settled gradually in September 2023

The properties held by Dubbo Project Unit Trust began settling in May 2021 and the last property settled on the 19 December 2023.

The Joint Venture for the Waratah Golf Course, was reviewed by an independent consultant and it has been determined that there is no material fair value.

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

5. Review of Performance

The Fund is in liquidation phase, and accordingly the assets have been realised at market value.

6. 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.

No distributions were paid or recommended during the period (2023: nil).

7. Applications Held

As at 30 June 2024, the value of the pending applications was nil. The Fund will not be accepting any further applications.

8. 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, 3,032,210 (2023: 5,756,032) units were redeemed by the Responsible Entity pursuant to a pro-rata compulsory redemption on a fund-wide basis as of 31 January 2023 and 31 May 2023.

9. 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.

**35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. Value of Scheme Assets

The gross asset value of the Fund at the end of the financial year was \$2,392,556 (2023: \$6,146,465). The net asset value at the end of the financial year was \$2,118,304 (2023: \$5,310,179).

11. 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.

12. After Balance Date Events

The Investment Manager 35 Latitude PTY LTD resigned their position on 1 July 2024. The role has been assumed by the Responsible Entity.

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

13. Future Developments

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

14. 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.

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

Fees of \$50,000 (2023: \$50,000) (plus GST) were paid or payable by the Fund to the Responsible Entity for the period.

Fees of \$37,611 (2023: \$37,254) (plus GST) were paid or payable by the Fund to the Administration Manager. In addition, fees of \$6,403 (2023: \$6,000) (plus GST) were paid or payable to the Trustee of the sub trusts for the period.

Fees of \$63,272 (2023: \$191,555) (plus GST) were paid or payable by the Fund to the Investment Manager for the period.

**35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
RESPONSIBLE ENTITY REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

As at 30 June 2024, the Investment Manager held 10 units in the Fund and 88,737 (2023: 187,626) units were held by related parties of the Investment Manager.

As at 30 June 2024, Vasco Custodians Pty Ltd holds 1,900,000 (2023: 6,079,780) units in one active sub trusts of the Fund in its capacity as Responsible Entity for 35 Latitude Development Fund.

17. 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.

18. 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.

19. 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: 26 September 2024

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Vasco Responsible Entity Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of 35 Latitude Development Fund for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 26 September 2024

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Proceeds from sale of property	2 (a)	4,140,000	8,515,000
Cost of property sold		<u>(4,195,908)</u>	<u>(4,434,662)</u>
Gross Profit		(55,908)	4,080,338
Other income	2 (b)	137,673	58,707
Expenses			
Investment management fee	3	63,272	191,555
Responsible entity fee	4	50,000	50,000
Trustee fee for sub-funds	4	4,875	6,000
Administration fee	4	37,611	37,254
Other expenses	5	83,316	90,398
Fund audit fee	6	21,028	29,600
Compliance audit fee	6	2,800	5,500
Custodian fee	7	22,702	21,742
Write-down of inventory	8	-	978,315
Total expenses		<u>285,604</u>	<u>1,410,364</u>
Profit / (Loss) before income tax		<u>(203,839)</u>	<u>2,728,681</u>
Income tax (benefit)/ expense	9 (a)	<u>323,819</u>	<u>688,309</u>
Total comprehensive (Loss) / Profit		<u><u>(527,658)</u></u>	<u><u>2,040,372</u></u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	10 (a)	2,386,512	2,034,379
Prepayments		313	791
Inventories	11	-	3,734,725
Other receivables	12	5,731	52,488
Total current assets		2,392,556	5,822,383
Non-current assets			
Deferred tax asset	9 (c)	-	324,081
Total non-current assets		-	324,081
Total assets		2,392,556	6,146,464
Current liabilities			
Trade and other payables	13	195,994	233,257
Fees payable	14	78,258	81,705
Current tax liability	9 (d)	-	521,248
Total current liabilities		274,252	836,210
Non-current liabilities			
Deferred tax liability	9 (c)	-	76
Total non-current liabilities		-	76
Total liabilities		274,252	836,286
Net assets		2,118,304	5,310,178
Equity			
Issued units	15 (a)	2,448,911	5,078,910
Accumulated profits / (losses)	15 (b)	544,376	1,106,251
Reserves	15 (c)	(874,983)	(874,983)
Total equity		2,118,304	5,310,178

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Issued Units \$	Accumulated Earnings / (losses) \$	Reserves \$	Total Equity \$
Balance at 1 July 2023		5,078,910	1,106,251	(874,983)	5,310,178
Redemption of share capital		(2,630,000)	-	-	(2,630,000)
Capital redemption adjustment	15(d)	-	(34,217)	-	(34,217)
Total comprehensive income for the year		-	(527,658)	-	(527,658)
Balance at 30 June 2024	15	2,448,910	544,376	(874,983)	2,118,304
Balance at 1 July 2022		10,160,398	(934,121)	(456,470)	8,769,807
Issue of share capital					
Redemption of share capital		(5,081,488)	-	-	(5,081,488)
Capital redemption	15(d)	-	-	(418,513)	(418,513)
Total comprehensive income for the year		-	2,040,372	-	2,040,372
Balance at 30 June 2023	15	5,078,910	1,106,251	(874,983)	5,310,178

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Proceeds from sale of inventory		4,140,000	8,500,000
Interest income		137,673	51,269
Rental income		-	7,438
Payment for inventories		(503,608)	(2,025,644)
Fund expenses paid		(233,417)	(349,004)
Income tax paid		(521,251)	-
Net cash provided by operating activities	16	<u>3,019,397</u>	<u>6,184,059</u>
Cash flows from financing activities			
Unitholder redemptions		(2,667,263)	(5,266,742)
Net cash used in financing activities		<u>(2,667,263)</u>	<u>(5,266,742)</u>
Net increase in cash and cash equivalents		352,134	917,317
Cash and cash equivalents at the beginning of year		2,034,379	1,117,062
Cash and cash equivalents at the end of year	10 (a)	<u>2,386,512</u>	<u>2,034,379</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL 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

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.

35 Latitude Development Fund is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of preparation – Realisation Basis

The Responsible Entity is in the process of winding up the Fund and returning capital to unitholders. Therefore, these financial statements have been prepared on a realisation basis as management is expecting to finalise winding up the Fund within 12 months from the date of the financial statements. The realisation basis requires assets to be measured at the estimated amount of cash or other consideration that the Fund expects to collect in settling or disposing of those assets and liabilities are measured at their estimated settlement amounts.

There has not been a significant impact on the measurement and recognition of the Fund's assets and liabilities in adopting the realisation basis of accounting as the Fund's assets consist mostly of cash and cash equivalents.

Where the accounting policies have changed due to the realisation basis of accounting, these have been stated below. Otherwise, the accounting policies have remained consistent with the previous reporting period.

The financial statements were approved by the Board of Directors of the Responsible Entity on 25 September 2024.

(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 as relevant for the liquidation basis of preparation.

(d) Functional and presentation currency

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

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

(e) Use of estimates and judgements

The preparation of financial statements requires the directors of the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Material 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 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 and other short-term highly liquid investments with original maturities of three months or less.

(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.

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.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

(d) Current Tax (continued)

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.

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) Trade and Other Payables

Trade and other payables are measured at amortised cost and 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.

(h) Revenue and Other Income

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).

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (continued)

(i) 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.

(j) 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.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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. Revenue is recognised at the point in time settlement occurs.

Profit/(loss) on sale of properties can be disaggregated as follows:

	2024	2023
	\$	\$
Total sales price	4,140,000	8,500,000
Refund of withheld sales proceeds from closed sub trust	-	15,000
Total proceeds from sale of property	4,140,000	8,515,000
Inventory costs	(3,933,370)	(4,429,845)
Selling costs	(262,538)	(4,817)
Total cost of property sold	(4,195,908)	4,065,338
Profit on sale of property	(55,908)	4,080,338

(b) Other income

	2024	2023
	\$	\$
Bank interest	137,673	51,269
Rental income	-	7,438
	137,673	58,707

NOTE 3: INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES

	2024	2023
	\$	\$
Investment management fees	63,272	191,555
	63,272	191,555

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.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: RESPONSIBLE ENTITY, ADMINISTRATION, & TRUSTEE FEES

	2024	2023
	\$	\$
Responsible Entity fee	50,000	50,000
Administration Manager fee	37,611	37,254
Trustee fee for sub-funds	4,875	6,000
	<u>92,486</u>	<u>93,254</u>

The Responsible Entity is entitled to a minimum annual fee of \$52,250 (2023: \$52,250), this amount is inclusive of GST and net of input tax credits.

The Administration Manager was entitled to an administration fee of \$31,208 (2023: \$30,747) per annum 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 (2023: \$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 (2023: \$1,000) per annum respectively per sub trust. The Administration Manager of the Belmont SPV Unit Trust was entitled to an administration fee of \$4,052 (2023: \$4,052) per annum. 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.

NOTE 5: OTHER EXPENSES

	2024	2023
	\$	\$
Tax return fees	33,500	32,150
Establishment fees amortised	487	1,000
Bank fees	836	54
Other administration expenses	30,264	24,549
Legal fees	1,051	2,365
Professional fees	8,900	20,750
ASIC fees	1,534	1,292
Insurance expenses	6,119	6,358
Development costs – Joint Venture	625	1,880
	<u>83,316</u>	<u>90,398</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6: REMUNERATION OF AUDITORS

The financial and compliance auditor of the Fund for the financial year was Grant Thornton Audit Pty Ltd. The auditor for the financial year ended June 30, 2023, was SW Audit.

The fees paid or agreed to be paid by the Fund to Grant Thornton are disclosed below:

<u>Remuneration of Auditors</u>	2024	2023
	\$	\$
Audit and review of financial statements for the Group	19,500	-
Compliance audit	2,800	-
	22,300	-

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

<u>Remuneration of Auditors</u>	2024	2023
	\$	\$
Outstanding audit and review services for the prior year	7,528	-
Audit and review of financial statements for the Group	-	29,600
Compliance audit		5,500
	7,528	35,400

The fees paid or agreed to be paid by the Fund to both Grant Thornton and SW Audit are disclosed below

<u>Non-Audit Services</u>	2024	2023
	\$	\$
Taxation services*	30,000	25,500
Advisory services*	-	3,900
	30,000	29,400

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

NOTE 7: CUSTODIAN FEES

	2024	2023
	\$	\$
Custodian fees	22,702	21,742
	22,702	21,742

In accordance with the Custodian Agreement the custodian is entitled to an annual fee of \$22,702 (2023: \$21,742) (plus GST) calculated and payable quarterly in arrears subject to a CPI increase applied quarterly.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 8: WRITE-DOWN OF INVENTORY

	2024	2023
	\$	\$
JV Waratah Golf Course	-	349,023
Morgan St, Dubbo	-	629,292
	<u>-</u>	<u>978,315</u>

The capitalised development costs for the JV Waratah Golf Course project were written off in full at 30 June 2023. The Responsible Entity has determined that the joint venture's realizable value continues to be nil at 30 June 2024.

The Responsible Entity does not intend to write back the value of the project or to incur any future costs for the project until a reasonable realisable value is obtained.

The properties held by Dubbo Project Unit Trust began settling in May 2021. As at 30 June 2023, one lot remained unsettled. The realisable value of the lot was written down to \$680,000 as per the valuation report dated 7 July 2023. This last lot was settled in December 2023.

NOTE 9: INCOME TAX EXPENSE

(a) Income tax charge

The Fund's components of income tax comprise:

	2024	2023
	\$	\$
Current tax expense	323,819	521,249
Deferred tax expense	-	167,060
	<u>323,819</u>	<u>688,309</u>

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

	2024	2023
	\$	\$
Accounting profit / (loss) before tax	(527,658)	2,752,936
Prima facie income tax on profit/loss before tax at statutory rate	-	688,309
Tax profit on sale of other assets – assessable balancing adjustment	-	-
Losses not recognised	-	-
Prior year losses now recognised	-	-
(Over)/ under provision of prior year income tax	-	-
Holding costs	-	-
Other differences	-	-
	<u>-</u>	<u>688,309</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 9: INCOME TAX EXPENSE (continued)

(c) Deferred tax balances

		Deferred tax assets	
		2024	2023
		\$	\$
Inventories		-	324,081
		<u>-</u>	<u>324,081</u>
		<u>-</u>	<u>324,081</u>

		Deferred tax liabilities	
		2024	2023
		\$	\$
Inventories		-	76
		<u>-</u>	<u>76</u>
		<u>-</u>	<u>76</u>

(d) Current tax balance

	2024	2023
	\$	\$
Current tax liability	-	521,248
	<u>-</u>	<u>521,248</u>
	<u>-</u>	<u>521,248</u>

NOTE 10: CURRENT ASSETS

(a) Cash at bank

	2024	2023
	\$	\$
Cash and cash equivalents	2,386,512	2,034,379
	<u>2,386,512</u>	<u>2,034,379</u>
	<u>2,386,512</u>	<u>2,034,379</u>

NOTE 11: INVENTORIES

(a) Real estate developments in progress

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

	2024	2023
	\$	\$
124 The Boulevard, Toronto	-	3,054,725
Dubbo Unit Trust, Morgan St, Dubbo	-	680,000
	<u>-</u>	<u>3,734,725</u>
	<u>-</u>	<u>3,734,725</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11: INVENTORIES (continued)

(b) Reconciliation of movement in balance

	2024	2023
	\$	\$
Brought forward	3,734,725	8,679,446
Capitalisation of development costs	198,645	1,486,640
Disposal of inventories	(3,933,370)	(5,453,045)
Write down of inventories	-	(978,316)
	<u>-</u>	<u>3,734,725</u>

Inventories	2023	Development Costs	Disposal	2024
	\$	\$	\$	\$
124 The Boulevard, Toronto	3,054,725	192,472	(3,227,197)	-
Dubbo Unit Trust, Morgan St, Dubbo	680,000	6,173	(686,173)	-
	<u>3,734,725</u>	<u>198,645</u>	<u>(3,933,370)</u>	<u>-</u>

NOTE 12: OTHER RECEIVABLE

	2024	2023
	\$	\$
GST receivable	5,731	52,488
	<u>5,731</u>	<u>52,488</u>

NOTE 13: TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Sundry creditors	195,994	233,257
	<u>195,994</u>	<u>233,257</u>

This is the compulsory redemption payments to those unitholders whose bank details verification process haven't been confirmed.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 14: FEES PAYABLE

	2024	2023
	\$	\$
Custodian fees	11,476	11,171
Fund audit fees	13,500	29,600
Compliance audit fees	2,800	5,500
ASIC annual fees	1,440	1,346
Tax return fees	30,000	25,500
Investment Manager fees	6,923	8,213
Trustee fees	4,167	375
Administration Manager fees	3,703	-
Other administration fees	4,249	-
	<u>78,258</u>	<u>81,705</u>

NOTE 15: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Issued units

	2024	2024	2023	2023
	Units		Units	\$
Opening balance	5,753,111	5,078,910	11,509,143	10,160,398
Units redeemed	(3,032,210)	(2,629,999)	(5,756,032)	(5,081,488)
Closing balance	<u>2,720,901</u>	<u>2,448,911</u>	<u>5,753,111</u>	<u>5,078,910</u>

(b) Issued units

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.

(c) Accumulated earnings / (losses)

	2024	2023
	\$	\$
Opening balance	1,106,251	(934,121)
Current year earnings/ (losses)	(527,658)	2,040,372
Capital redemption adjustment	(34,217)	-
Closing balance	<u>544,376</u>	<u>1,106,251</u>

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(d) Reserves

	2024	2023
	\$	\$
Opening balance	(874,983)	(456,470)
Capital redemption	-	(418,513)
Closing balance	<u>(874,983)</u>	<u>(874,983)</u>

Under income tax law the extent to which a distribution is taxed like a dividend or capital return is principally determined by its accounting treatment. This means that a distribution debited to profits would be a dividend and a distribution debited to a capital account would be a capital return. This approach is effectively replicated in the off-market share buy-back provisions. Specifically, an amount that is not debited to a capital account will be treated as a dividend with the balance being regarded as capital proceeds of the cancellation of the share/unit.

In this case the capital account for the Fund is expected to be reflected as the aggregate of the unitholder capital account and the capital redemption account (capital component of the buy-back). The dividend component is expected to be treated as an expense in the Consolidated Statement of Profit or Loss and other Comprehensive Income for 2022.

The Responsible Entity re-classified the dividend component of the 2022 buy-back to a separate "Reserves" account. The re-classification presents the statutory accounts in a more transparent manner. It has no impact on the Fund's consolidated net asset value as of 30 June 2022 or the income tax return for the financial year ended 30 June 2022.

(e) 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.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit for the year

	2024	2023
	\$	\$
Profit/ (Loss) for the year	(527,658)	2,040,372
(Increase)/ decrease in assets		
Receivables	46,757	6,292
Prepayments	479	1,313
Inventories	3,734,725	4,944,720
Deferred tax assets	324,081	269,343
	<u>4,106,042</u>	<u>5,221,668</u>
Increase/ (decrease) in liabilities		
Decrease in payables	(37,664)	(73,745)
Decrease in other liabilities	-	(400,000)
(Decrease) / Increase in current tax liabilities	(521,247)	521,247
Decrease in deferred tax liabilities	(76)	(1,125,483)
	<u>(558,987)</u>	<u>(1,077,981)</u>
Cash flows from operating activities	<u><u>3,019,397</u></u>	<u><u>6,184,059</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 Responsible Services Limited at any time during the financial year.

Fees of \$50,000 (2023: \$50,000) (plus GST) were paid or payable by the Fund to Vasco Responsible Entity Services Limited for its role as Responsible Entity for the financial year.

The Responsible Entity held 1,900,000 (2023: 6,079,780) units in the sub trusts in their capacity as Responsible Entity of 35 Latitude Development Fund.

(b) Trustee

Fees of \$4,500 (2023: \$4,500) (plus GST) were paid or payable to DHF Investment Managers Pty Ltd for its role as Trustee of three of the four sub trusts.

Fees of \$1,500 (2023: \$1,500) (plus GST) were paid or payable to VT No.1 Pty Ltd for its role as Trustee of one of the four sub trusts.

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

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17: RELATED PARTY TRANSACTIONS (continued)

(c) Investment Manager

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

Fees of \$63,272 (2023: \$191,555) (plus GST) were paid or payable by the Fund to 35 Latitude Pty Ltd for its role as Investment Manager for the period.

An executive director of the Investment Manager held 10 units in the Fund and 187,626 units (3.3% of issued units) were held by related parties of the Investment Manager as at 30 June 2023.

(d) Administration Manager

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

Administration fees of \$31,208 (2023: \$30,229) (plus GST) were paid or payable by the Fund to Vasco Fund Services Pty Limited for its role as Administration Manager of the Fund.

Administration fees of \$6,403 (2023: \$6,955) (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 \$695 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 Responsible Entity Services 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

The Responsible Entity (RE) is concerned about a potential liability for defective building work at some of the residential properties developed and sold by the Fund. Accordingly, the RE has determined to not make a full distribution of capital to investors at this time and instead retain some funds in order to respond to any potential liability. At this stage the quantum of the potential liability remains unknown. Funds will be distributed once the various defect period has passed. RE will provide further update to investors towards the end of each defect period.

As at 30 June 2024 there were no other material contingent liabilities that the Directors are aware of other than the issues disclosed in previous sections of the report.

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

The Investment Manager 35 Latitude Pty LTD resigned their position on 1 July 2024. The role has been assumed by the Responsible Entity.

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

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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 held 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. As at 30 June 2024, the Fund has realised all its property assets.

(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 optimising the return on risk. Market risk is monitored by the Responsible Entity.

As at 30 June 2024, the Fund has realised all its property assets and therefore is not exposed to property value risk.

(c) 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. 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:

	2024	2023
	\$	\$
Cash and cash equivalents	2,386,512	2,034,379
	<u>2,386,512</u>	<u>2,034,379</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.

(d) 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:

	2024	2023
	\$	\$
Cash and cash equivalents	2,386,512	2,034,379
	<u>2,386,512</u>	<u>2,034,379</u>

The Fund is not exposed to material interest rate risk at balance date.

35 LATITUDE DEVELOPMENT FUND
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE 21: CONTROLLED ENTITIES

The sub-trusts listed below have share capital consisting solely of ordinary shares which are held directly by 35 Latitude Development Fund (the Parent). The financial results and position of each sub-trust are consolidated into the financial results and position of 35 Latitude Development Fund at reporting date.

Name of Sub-Trust	Principal Place of Business	Principal Activity	Ownership 2024 %	Ownership 2023 %	Status
Blackalls Unit Trust	Australia	Development	100	100	Wound up
Dubbo Project Unit Trust	Australia	Development	100	100	Wound up
Rustyk Unit Trust	Australia	Development	100	100	Wound up
Belmont SPV Unit Trust	Australia	Development	100	100	Active

Trusts are not legal entities in their own right, therefore the Country of Incorporation relates to the Trustee of these Trusts.

NOTE 22: PARENT ENTITY INFORMATION

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

	2024	2023
	\$	\$
Total assets	5,424,947	12,500,259
Total liabilities	(3,304,585)	(7,130,168)
Net assets	<u>2,120,362</u>	<u>5,370,091</u>
Issued units	(2,448,911)	(5,078,911)
Losses/ (retained earnings) brought forward	1,597,775	1,039,506
(Profit)/ loss for year	(1,269,226)	(1,330,686)
Total shareholders' equity	<u>(2,120,362)</u>	<u>(5,370,091)</u>
Loss for the year	<u>861,225</u>	<u>558,269</u>
Total comprehensive loss	<u>861,225</u>	<u>558,269</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
ARSN 620 185 266
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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 2024 and its performance for this financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting obligations; 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

26 September 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Report

To the Members of Vasco Responsible Entity Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of 35 Latitude Development Fund (the Fund), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the Directors' declaration.

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

- a giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Realisation basis of accounting

We draw attention to Note 1 Basis of Preparation in the notes to the financial report, which indicates that the Responsible Entity is in the process of winding up the Fund. Accordingly, the financial report for the Fund has been prepared on a realisation basis as at 30 June 2024. Our opinion is not modified in relation to this matter.

Information other than the financial report and auditor's report thereon

The Directors 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 2024 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 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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the 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 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 26 September 2024