

**The Commonwealth House Unit  
Trust Managed Investment  
Scheme  
ARSN 099 744 000**

**ANNUAL FINANCIAL REPORT  
for the year ended 30 June 2020**

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## Responsible Entity's Directors' Report

The Directors of Tidswell Financial Services Ltd (ABN 55 010 810 607), the Responsible Entity of The Commonwealth House Unit Trust Managed Investment Scheme (**the Scheme**), submit their report for the Scheme, the annual financial statements and the auditor's report for the year ended 30 June 2020.

### RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Scheme is 50 Hindmarsh Square, Adelaide SA 5000.

The Directors of the Responsible Entity during or since the end of the financial year are:

|                        |                                   |  |
|------------------------|-----------------------------------|--|
| Michael John Terlet AO | Non-Executive Director - Chairman | Appointed 19 April 1991                                  |
| Ronald Peter Beard     | Executive Director                | Appointed 20 August 2012                                 |
| Fiona McNabb           | Non-Executive Director            | Appointed 29 September 2017                              |
| Stephen Miller         | Non-Executive Director            | Appointed 29 September 2017<br>Resigned 25 February 2020 |
| Andrew Peterson        | Executive Director                | Appointed 20 March 2018                                  |

### PRINCIPAL ACTIVITIES

The Commonwealth House Unit Trust is a sub-scheme and authorised investment of The Tidswell Investment Plan (**the Plan**) and has been established as a separate registered Managed Investment Scheme pursuant to the requirements of the Australian Securities & Investments Commission (**ASIC**) and is domiciled in Australia.

On 14 February 1996 a Unit Trust (known as the Commonwealth House Unit Trust) was established for the purpose of acquiring interests in properties. Unit holders within the Trust comprise Certes CT Pty Ltd (former Sargon CT Pty Ltd) as Custodian for The Tidswell Investment Plan and Certes CT Pty Ltd (former Sargon CT Pty Ltd) as Custodian for The Tidswell Master Superannuation Plan.

The Scheme is closed to new participants. The Responsible Entity is in the process of winding up the Scheme and liquidate all holdings due to the illiquid nature of the investment and the changing needs of the investors.

The Scheme is a unit trust, governed by the provisions of the Constitution and the *Corporations Act 2001*.

The investments of the Scheme comprised direct real property and other assets, which are authorised under the Constitution.

The investment objective of a direct property strategy was to provide moderate to high levels of regular income with the opportunity for capital growth over the long term, which reflects the investment objective of the Scheme. As the Scheme is unitised, it provides a vehicle for investors to participate in an investment market which may be otherwise financially prohibitive.

At the reporting date, the Scheme held one commercial property in Adelaide at Unit 3, 60 Hindmarsh Square, Adelaide.

In accordance with the Constitution, the Scheme was divided into sub-funds, which comprise each separate property. Each sub-fund has its own class of units as identified below:

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**Unit Class Property/Properties**

B Unit 3, 60 Hindmarsh Square, Adelaide SA 5000

The Scheme did not have any employees during the year.

There have been no other significant changes in the nature of those activities during the financial year.

**REVIEW AND RESULTS OF OPERATION**

The results of each sub-fund for the financial year ended 30 June 2020 are reported separately as follows:

| Unit Class | Income   |          | Growth / (Loss) |          | Total    |          |
|------------|----------|----------|-----------------|----------|----------|----------|
|            | 2020 (%) | 2019 (%) | 2020 (%)        | 2019 (%) | 2020 (%) | 2019 (%) |
| B          | (3.23)   | 3.29     | (32.59)         | (2.01)   | (35.82)  | (1.30)   |

The income results represent both the income performance of the unit class and the income distributions paid to the Underlying Unitholders. The loss results represent the change in net asset values of unit class and are reflected by the change in unit price over the financial year.

During the period, the leasehold interest of Property at 70 and 84 Dyson Road, Noarlunga Centre held by Unit Class "B", was sold for \$1,100,000 (Exclusive of GST) and the capital was distributed. It was sold to the landowner, GYHOMFM Pty Ltd.

At the date of signing this report, the remaining building held by Unit Class "B", Unit 3, 60 Hindmarsh Square, Adelaide was sold and settled on 10 September 2020.

**DISTRIBUTIONS**

Income distributions paid and payable by the Scheme in respect to the current financial year were as follows:

| Period Ended       | B Class (\$)   | E Class (\$)   | Total (\$)       |
|--------------------|----------------|----------------|------------------|
| 30/09/2019         | -              | -              | -                |
| 31/12/2019         | 950,000        | 944,210        | <b>1,894,210</b> |
| 31/03/2020         | -              | -              | -                |
| 30/06/2020 payable | -              | -              | -                |
| <b>Total</b>       | <b>950,000</b> | <b>944,210</b> | <b>1,894,210</b> |

**UNITS ON ISSUE**

The Scheme is divided into sub-funds relating to different investment properties. Investors are issued units from the sub-fund they participate in as each class of unit is valued separately. During the reporting period unit holders of "D" Class units were repaid their principal and the units cancelled. However no units were issued or withdrawn in prior year.

The balance of units on issue and the total assets held for each unit class are listed below:

| Unit Class | Units on Issue | Total Assets |
|------------|----------------|--------------|
|------------|----------------|--------------|

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|              |     | 2020<br>(\$)     | 2019<br>(\$)      |
|--------------|-----|------------------|-------------------|
| B            | 78  | 1,759,331        | 4,239,225         |
| E            | 185 | -                | 12,738,136        |
| <b>Total</b> |     | <b>1,759,331</b> | <b>16,977,361</b> |

The basis for valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Responsible Entity is the process of winding up the Scheme due to the illiquid nature of the investment and the changing needs of the investors.

In the opinion of the Responsible Entity there were no other significant changes in the state of affairs of the Scheme that occurred during the financial year under review.

**LIKELY DEVELOPMENTS**

The Responsible Entity will wind up the Scheme following the distribution of all income and principal to unitholders after the settlement of the property, Unit 3, 60 Hindmarsh Square, Adelaide.

**ENVIRONMENTAL REGULATION**

The Scheme's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the Responsible Entity believes that the Scheme has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Scheme.

**INTERESTS OF THE RESPONSIBLE ENTITY**

Information pertaining to fees paid to Tidswell Financial Services Ltd and its associates out of Scheme property, and their holdings is contained in Note 7 to the financial statements.

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 22 July 2020 the final assets held by Unit Class "B" were sold. Subsequent to the reporting date, cash settlement occurred on 10 September for \$1.62 million (exclusive of GST). Once the distribution of all income and principal to unitholders has been paid, the sub-fund comprising "B" Class Units will be wound up and the Scheme will wind up.

Post year end, there was a loan entered into by the Scheme which was issued by a related party (Tidswell Master Superannuation Plan) to repay the loan payable by the Scheme to the previous responsible entity of \$320,000. This loan entered into post year end has since been repaid with settlement monies from investment properties.

Further in the interval between the end of the financial year and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature likely in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS OR AUDITORS**

Under the Scheme constitution the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

The Scheme has not indemnified any auditor of the Scheme.

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During the financial year the Responsible Entity paid premiums in respect of its officers for professional indemnity insurance contracts for the year ended 30 June 2020. The Responsible Entity has paid or agreed to pay in respect of the Scheme, premiums in respect of such insurance contracts for the year ended 30 June 2020. The Scheme reimbursed the Responsible Entity a proportion of the professional indemnity insurance premiums based on the assets of schemes managed by the Responsible Entity. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the directors or officers of the Responsible Entity.

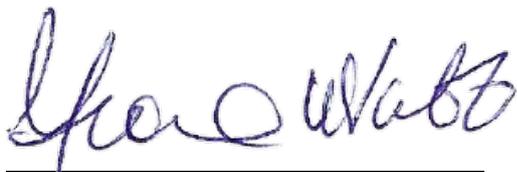
Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the contracts.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead Auditor's Independence Declaration is set out on page 7 and forms part of the directors' report for the year ended 30 June 2020.

Signed in accordance with a resolution of the directors of Tidswell Financial Services Ltd:

**TIDSWELL FINANCIAL SERVICES LTD**

A handwritten signature in blue ink, appearing to read 'Fiora McNabb', written over a horizontal line.

Fiora McNabb

**Director**

30 September 2020

**DECLARATION OF INDEPENDENCE BY JAMES DIXON TO THE DIRECTORS OF TIDSWELL FINANCIAL SERVICES LIMITED AS THE RESPONSIBLE ENTITY FOR THE COMMONWEALTH HOUSE UNIT TRUST MANAGED INVESTMENT SCHEME**

As lead auditor of The Commonwealth House Unit Trust Managed Investment Scheme for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



James Dixon  
Director

**BDO Audit Pty Ltd**

Melbourne, 30 September 2020

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## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

|   | Note | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|---|------|----------------------|----------------------|
| <b>Revenue</b>                            |      |                      |                      |
| Interest                                  |      | 11,948               | 5,393                |
| Distributions from managed funds          |      | 1,862                | 20,683               |
| Rent                                      |      | 594,459              | 2,238,002            |
| Outgoings recoveries                      |      | 62,427               | 208,499              |
| Profit on disposal of investment property |      | (564,579)            | 807,578              |
| Change in net fair value                  | 3    | (630,000)            | -                    |
| <b>Total revenue</b>                      |      | <b>(523,883)</b>     | <b>3,280,155</b>     |
| <b>Expenses</b>                           |      |                      |                      |
| Responsible entity fees                   |      | 76,889               | 85,288               |
| General administration expenses           |      | 2,357                | 4,436                |
| Property management fees                  |      | 47,075               | 88,316               |
| Custodian fees                            |      | 5,343                | 5,326                |
| Legal fees                                |      | 11,850               | 64,035               |
| Investment building related expenses      |      | 565,680              | 1,618,115            |
| Impairment charge on receivables          | 12   | 42,928               | 42,057               |
| <b>Total expenses</b>                     |      | <b>752,122</b>       | <b>1,907,573</b>     |
| <b>Profit from operating activities</b>   |      | <b>(1,276,005)</b>   | <b>1,372,582</b>     |
| <b>Finance costs</b>                      |      |                      |                      |
| Distributions to Unitholders              | 2    | 146,149              | 1,372,582            |
| Distributions yet to be Paid              | 5(b) | (1,422,154)          | -                    |
| <b>Total finance costs</b>                |      | <b>(1,276,005)</b>   | <b>1,372,582</b>     |
| <b>Net profit for the year</b>            |      | <b>-</b>             | <b>-</b>             |
| Other comprehensive income                |      | -                    | -                    |
| <b>Total other comprehensive income</b>   |      | <b>-</b>             | <b>-</b>             |

The accompanying notes form part of these financial statements.

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## Statement of Financial Position

As at 30 June 2020

|   | Note        | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|---|-------------|----------------------|----------------------|
| <b>Assets</b>   |             |                      |                      |
| Cash and cash equivalents   | 6(a)        | 73,556               | 278,019              |
| Managed funds   | 7(e)        | -                    | -                    |
| Trade and other receivables   |             | -                    | 225,003              |
| Other assets  |             | 36,271               | 171,608              |
| Receivable from Sale of Asset   |             | 50,400               | 12,405,196           |
| Investment properties   | 3           | 1,600,000            | 3,898,090            |
| <b>Total assets</b>   |             | <b>1,760,227</b>     | <b>16,977,916</b>    |
| <b>Liabilities</b>  |             |                      |                      |
| Trade and other payables  | 4           | 381,464              | 816,391              |
| Distribution payable  |             | -                    | 11,612,546           |
| <b>Total liabilities (excluding net assets attributable to Unitholders)</b> |             | <b>381,464</b>       | <b>12,428,937</b>    |
| <b>Net assets attributable to Unitholders - liability</b>                   | <b>5(c)</b> | <b>1,378,763</b>     | <b>4,548,979</b>     |

The accompanying notes form part of these financial statements.

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## **Statement of Changes in Equity**

**For the year ended 30 June 2020**

The Scheme's net assets attributable to Scheme Participants are classified as a liability under AASB 132 Financial Instruments: Presentation. As such the Scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

The accompanying notes form part of these financial statements.

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## Statement of Cash Flows

For the year ended 30 June 2020

|  | Note | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|--|------|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                    |      |                      |                      |
| Interest received  |      | 11,948               | 5,394                |
| Rental and other income received                               |      | 907,182              | 2,378,346            |
| Payments to Suppliers  |      | (1,712,768)          | (1,848,184)          |
| Goods and services taxes paid                                  |      | (4,069)              | (63,806)             |
| Distributions paid   |      | (7,931,756)          | (923,621)            |
| Funds redeemed in buildings                                    |      | 14,100,000           | 1,230,322            |
| Funds redeemed in managed funds                                |      | -                    | 400,000              |
| <b>Net Cash provided by Operating and Investing Activities</b> | 6(b) | <b>5,370,537</b>     | <b>1,178,451</b>     |
| <b>Cash Flows from Financing Activities</b>                    |      |                      |                      |
| Return to unitholders  |      | (5,575,000)          | (972,083)            |
| <b>Net Cash (Used in) Financing Activities</b>                 |      | <b>(5,575,000)</b>   | <b>(972,083)</b>     |
| Net Increase/(Decrease) in Cash Held                           |      | (204,463)            | 206,368              |
| Cash at Beginning of the Financial Year                        |      | 278,019              | 71,651               |
| <b>Cash at End of the Financial Year</b>                       | 6(a) | <b>73,556</b>        | <b>278,019</b>       |

The accompanying notes form part of these financial statements.

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## **Notes to the Financial Statements**

**for the year ended 30 June 2020**

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

The Commonwealth House Unit Trust (**the Scheme**) is a registered managed investment scheme under the *Corporations Act 2001*. The Scheme is a for-profit entity. The financial statements of the Scheme are for the year ended 30 June 2020.

These financial statements were authorised for issue by the Board of Directors of the Responsible Entity on 30 September 2020.

#### **Basis of Preparation**

##### *Statement of Compliance*

The financial statements are general purpose and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The Responsible Entity has the intent to wind up the Scheme. Accordingly, the financial statements of the Scheme have been prepared on a wind-up basis of reporting rather than a going concern basis. In doing so, assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

The Scheme manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of participant accounts, the balances are redeemed on demand at the participant's option. However, participants typically retain the investment for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### **(a) Financial Instruments**

##### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

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Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed in profit or loss immediately. Financial instruments are classified and measured as set out below.

**Classification and Subsequent Measurement**

*i. Financial assets at fair value through profit and loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise. Fair values of unit trust and managed fund investments are measured by reference to the unit redemption price at the reporting date.

*ii. Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost.

**Expected Credit Losses**

At each reporting date, the Responsible Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the profit or loss.

AASB 9 replaces the 'incurred loss' model in AASB 139 with 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under AASB 9, credit losses are recognised earlier than under AASB 139.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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 the profit or loss.

**Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the scheme has a legal right to offset the amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

**(b) Investment Properties**

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from

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changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

At each reporting date, the fair values of the investment properties are assessed by the Responsible Entity by reference to independent valuation. All properties are revalued by an independent valuer each year in June.

The carrying amount of investment properties recorded in the Statement of Financial Position includes components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future periods along with relevant property prices in an active liquid market.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

**(c) Impairment of Non-Financial Assets**

At each reporting date, the Responsible Entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Responsible Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(d) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash and at call deposits with banks, and investment in money market instruments that are readily convertible to cash on hand at the Responsible Entity's option and are subject to insignificant risk of changes in value.

**(e) Taxation**

Under current legislation the Scheme is not subject to income tax as the Underlying Unitholders are presently entitled to the taxable income of the Scheme. Any liability for income tax must be taken up by Unitholders as part of their personal liability for tax.

**(f) Income and Expenses**

**Income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the receipt can be reliably measured. Interest revenue is recognised as it accrues taking into account the interest rates applicable to the financial assets.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment. Lease incentives (in the form of rent-free periods) offered to procure tenants are recognised as an expense on a straight-line basis over the period of the lease term.

Changes in the net market value of investments are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the period) and the net market value as at the prior year end or cost (if acquired during the period).

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**Expenses**

Expenses are brought to account on an accruals basis.

The Responsible Entity is entitled under the Scheme Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursed is defined in the Scheme Constitution. The amount reimbursed is recognised in the Profit or Loss and is calculated in accordance with the Scheme Constitution.

In accordance with the Constitution of the Scheme, Tidswell Financial Services Ltd (**TFSL**) is entitled to receive remuneration as the Single Responsible Entity up to 1.325% per annum of the net asset value of the Scheme. TFSL charged Responsible Entity fees of \$76,889 (2019: 85,288), the amount is recognised in the Profit or Loss.

The custodian of the Scheme, Sargon CT Pty Ltd (former Australian Executor Trustees (SA) Pty Ltd) receives a fee for its services which is disclosed in the Statement of Profit or Loss.

**(g) Unitholders' Funds and Distributions**

**Unitholders' Funds**

Investors in the Scheme have the right to make a request to redeem units in the Scheme at redemption price. This right to redeem gives rise to Unitholders' Funds being classified as a financial liability. Payment of redemptions may be made in cash or via transfer of units in-specie, however the Scheme will remain an illiquid Scheme under the Corporations Act 2001. An investor will not be able to withdraw from the investment unless the Scheme is considered liquid in accordance with the Corporations Act 2001 or a suitable investor is able to replace the investor wishing to withdraw.

**Distributions**

The Scheme distributes its distributable income, in accordance with the Scheme's constitution, to participants in cash. The distributions are recognised in Profit or Loss as Distributions to Unitholders.

**(h) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows included in the Statement of Cash Flows are inclusive of GST. GST cash flow components arising from investing and financing activities which are payable to, or recoverable from, the ATO are classified as cash flows from operating activities.

**(i) Trade and Other Payables**

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at reporting date.

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**(j) Trade and Other Receivables**

Receivables include rent and other investment property related income receivable and other sundry amounts owing to the Scheme.

**(k) Borrowing Costs**

Borrowing costs include interest and costs incurred in connection with lease finance charges. Borrowing costs are expensed as incurred.

**(l) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into these financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Scheme.

**(m) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(n) Accounting standards issued and adopted during the financial year**

*(i) New and amended standards adopted by the Scheme*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

*(ii) New standards and interpretations not yet adopted*

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

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**2. DISTRIBUTIONS**

The distributions paid and payable comprise:

|   | <b>30 June 2020</b> | <b>30 June 2019</b> |
|---|---------------------|---------------------|
|   | (\$)                | (\$)                |
| Income distributions in respect of financial year | 146,149             | 1,372,582           |
| Distribution of capital                           | 1,748,061           | 12,135,667          |
| <b>Total distributions paid and payable</b>       | <b>1,894,210</b>    | <b>13,508,249</b>   |

**3. INVESTMENT PROPERTIES**

|                            | <b>30 June 2020</b> | <b>30 June 2019</b> |
|----------------------------|---------------------|---------------------|
|                            | (\$)                | (\$)                |
| Opening balance            | 3,898,090           | 16,243,074          |
| Capitalised expenditure    | 22,000              | 48,089              |
| Change in net market value | (630,000)           | -                   |
| Disposal of property       | (1,690,090)         | (12,393,073)        |
| <b>Closing balance</b>     | <b>1,600,000</b>    | <b>3,898,090</b>    |

The investment properties were valued by m3property (2019: m3property). The principal valuer is a Certified Practising Valuer and a Director of m3property, a Fellow of the Australian Property Institute and a Member of the Panel of Examiners of the Australian Property Institute.

The valuation was undertaken independently and in accordance with the API Code of Professional Practice. The valuation was prepared on a Fair Value/As Is basis, subject to occupancy arrangements. The subsequent sale was made in line with the valuation.

**4. TRADE AND OTHER PAYABLES**

|  | <b>30 June 2020</b> | <b>30 June 2019</b> |
|--|---------------------|---------------------|
|  | (\$)                | (\$)                |
| Payables due to the Responsible Entity | 11,761              | 1,684               |
| Borrowings                             | 320,000             | 320,000             |
| Other payables                         | 49,703              | 494,707             |
|  | <b>381,464</b>      | <b>816,391</b>      |

**5. UNITHOLDERS' FUNDS**

**(a) Units on Issue**

The Scheme is divided into sub-funds relating to different investment properties. Investors are issued units from the sub-fund they participate in as each class of unit is valued separately. During the reporting period unit holders of "E" Class units were repaid their principal and the units cancelled.

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The number and amount of units on issue held for each unit class are listed below:

| Unit Class   | Number of<br>Units on Issue | Original Value of Units on Issue |                      |
|--------------|-----------------------------|----------------------------------|----------------------|
|              |                             | 30 June 2020<br>(\$)             | 30 June 2019<br>(\$) |
| B            | 78                          | 994,620                          | 1,944,620            |
| E            | 185                         | -                                | 798,062              |
| <b>Total</b> |                             | <b>994,620</b>                   | <b>2,742,682</b>     |

The units within each sub-fund are of equal value and therefore carry equal rights.

**(b) Distributions Yet to be Paid**

|   | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|---|----------------------|----------------------|
| <b>Investment revaluation reserve</b>                             |                      |                      |
| Opening balance   | (857,372)            | 6,559,890            |
| Net (Decrement)/Increment on revaluation of investment properties |                      | -                    |
| Transfer out from Reserve on sale of assets                       | (189,304)            | (7,417,261)          |
| <b>Closing balance</b>  | <b>(1,046,676)</b>   | <b>(857,371)</b>     |
| <b>Undistributed income</b>                                       |                      |                      |
| Opening balance   | 2,663,669            | 2,580,754            |
| Current year income not distributed                               | (1,232,850)          | 82,915               |
| <b>Closing balance</b>  | <b>1,430,819</b>     | <b>2,663,669</b>     |
| <b>Total distributions to be paid – cumulative</b>                | <b>384,143</b>       | <b>1,806,297</b>     |

Distributions to be Paid is comprised of the investment revaluation reserve and undistributed income. The investment revaluation reserve represents unrealised gains and losses due to the change in net market value of investments. These gains and losses have been recognised in the Profit or Loss in either the current or previous periods. Once the gains and losses have been realised, these items are transferred out of the reserve and distributed to unit holders. The undistributed income represents income, which from time to time is withheld from distribution by the Scheme.

**(c) Total Unitholders' Funds**

|                                     | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|-------------------------------------|----------------------|----------------------|
| Units on issue                      | 994,620              | 2,742,682            |
| Total distributions to be paid      | 384,143              | 1,806,297            |
| <b>Total unitholders' funds</b>     | <b>1,378,763</b>     | <b>4,548,979</b>     |
| Opening unitholders' funds          | 4,548,980            | 16,682,347           |
| Transfers (from) unitholders' funds | (1,422,156)          | (7,334,346)          |
| Capital Return to investors         | (1,748,061)          | (4,799,020)          |
| <b>Closing unitholders' funds</b>   | <b>1,378,763</b>     | <b>4,548,979</b>     |

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**Capital Risk Management**

The Scheme considers its capital to be Unitholders' Funds. The Scheme manages its net assets attributable to Unitholders' Funds as capital, notwithstanding net assets attributable to Unitholders' Funds are classified as a liability.

Applications and redemptions are reviewed relative to the liquidity of the scheme's underlying assets by the Responsible Entity. Under the terms of the Scheme's constitution, the Responsible Entity has the discretion to defer or adjust a redemption if the exercise of such discretion is in the best interests of participants.

**6. CASH FLOW INFORMATION**

|  | <b>30 June 2020</b> | <b>30 June 2019</b> |
|--|---------------------|---------------------|
|  | (\$)                | (\$)                |
| <b>(a) Reconciliation of cash.</b>   |                     |                     |
| For the purposes of the Statement of Cash  |                     |                     |
| Flows cash includes cash on hand and at bank   |                     |                     |
| Cash and cash equivalents  | 73,556              | 278,019             |
| <b>(b) Reconciliation of net cash provided by operating activities to net operating income</b> |                     |                     |
| Operating profit/(loss)  | -                   | -                   |
| <b>Add/(less) non cash items</b>   |                     |                     |
| Changes in net market value of investments   | 630,000             | -                   |
| Profit on disposal of investment property  | 564,579             | (807,578)           |
|  | <b>1,194,579</b>    | <b>(807,578)</b>    |
| <b>Changes in assets and liabilities</b>   |                     |                     |
| Funds Redeemed   | 4,930,449           | 1,630,322           |
| Movement in distributions yet to be paid   | (792,154)           | (82,915)            |
| Change in net market value   | (630,000)           | -                   |
| (Decrease) in GST payable  | (12,448)            | (33,100)            |
| Increase/(decrease) in payables  | (12,035,025)        | 11,884,327          |
| Decrease/(increase) in receivables   | 12,715,136          | (11,412,605)        |
| <b>Net cash provided by operating activities</b>   | <b>5,370,537</b>    | <b>1,178,451</b>    |

**(c) Non-cash financing and investment activities**

As all income is distributed to Underlying Unitholders no income is reinvested into the Scheme via a distribution reinvestment plan.

**7. RELATED PARTY TRANSACTIONS**

The Responsible Entity of the Scheme is Tidswell Financial Services Ltd ABN 55 010 810 607 (TFSL) whose ultimate holding company is Pacific Infrastructure Partners (ACN 640 126 585).

**Key Management Personnel**

(a) The Scheme does not employ personnel in its own right. However the Responsible Entity does manage the activities of the Scheme and this is considered to be the Key Management Personnel. The directors of the Responsible Entity are Key Management Personnel however no amounts are paid by the Scheme directly to the directors of the Responsible Entity. Fees paid by the Scheme to the Responsible Entity are disclosed at (b) below.

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**Related Party Remuneration**

(b) Responsible Entity Fees

In accordance with the Scheme Constitution, TFSL is entitled to receive remuneration as the Single Responsible Entity up to 1.325% per annum of the net asset value of the Scheme. During the year, TFSL charged Responsible Entity fees of \$76,889 (2019: \$85,288). Responsible Entity fees charged to the period are recognised in the Profit or Loss. TFSL is also entitled to a Performance fee in relation to the acquisition and disposal of real property assets under the Scheme Constitution in accordance with the relevant underlying disclosure document. This fee was not charged.

(c) Other General Administration Expenses

Other General Administration Expenses incurred by the Responsible Entity are reimbursed by the Scheme in accordance with the provisions of the Constitution. Any such expenses are recognised in the Profit or Loss.

(d) Custodian Fees

The custodian of the Scheme, Certes CT Pty Ltd receives a fee for its services which is disclosed in the Statement of Profit or Loss. During the year, Certes CT charged custodian fees of \$5,343 (2019: \$5,326).

**Investing Activities**

- (e) The Scheme has no investment in the Responsible Entity, the Custodian or their affiliates. The Scheme may invest in other approved schemes managed by the Responsible Entity or its associates in the ordinary course of business on normal terms and conditions.

**Unitholder Investing Activities**

- (f) TFSL as Responsible Entity for The Tidswell Investment Plan (**TIP**) and TFSL as the trustee of The Tidswell Master Superannuation Plan (**TMSP**) are the only unitholders of the Scheme. The breakdown of sub-fund unit holdings is shown below:

| <b>Entity</b> | <b>B Class</b> |
|---------------|----------------|
| TIP           | 73.5           |
| TMSP          | 4.5            |
| <b>Total</b>  | <b>78.0</b>    |

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**8. EVENTS SUBSEQUENT TO REPORTING DATE**

On 22 July 2020 the final assets held by Unit Class “B” were sold. Subsequent to the reporting date, cash settlement occurred on 10 September for \$1.62 million (exclusive of GST). Once the distribution of all income and principal to unitholders has been paid, the sub-fund comprising “B” Class Units will be wound up and the Scheme will wind up.

Post year end, there was a loan entered into by the Scheme which was issued by a related party (Tidswell Master Superannuation Plan) to repay the loan payable by the Scheme to the previous responsible entity of \$320,000. This loan entered into post year end has since been repaid with settlement monies from investment properties.

Further in the interval between the end of the financial year and the date of this report there has not arisen any other item, transaction or event of a material and unusual nature likely in the opinion of the Responsible Entity, to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

**9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets at 30 June 2020 or 30 June 2019.

**10. FINANCIAL RISK MANAGEMENT**

The Scheme maintains positions in a variety of non-derivative financial instruments as dictated by the Scheme’s investment strategy. The Scheme’s investment portfolio includes investment properties, bank deposits along with investments in other schemes that it intends to hold for an indefinite period of time.

These investing activities expose the Scheme to various types of risk that are associated with the types of financial instruments and markets utilised. The main types of financial risk to which the Scheme is exposed are market risk, credit risk, liquidity risk and operational risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme’s risk management framework. The Board, which meets monthly, is responsible for developing and monitoring the risk management framework relating to the Scheme. This framework is established to identify, analyse and monitor Scheme related risks, and assess the adequacy of the procedures and controls put in place to mitigate them. Risk management policies and systems are reviewed regularly to ensure they reflect Scheme activities and changes to market conditions.

The total of each category of financial instrument and other assets measured in accordance with the accounting policies to the financial statements are set out below:

|                                   | <b>30 June 2020</b> | <b>30 June 2019</b> |
|-----------------------------------|---------------------|---------------------|
|                                   | (\$)                | (\$)                |
| <b>Financial and other assets</b> |                     |                     |
| Cash and cash equivalents         | 73,556              | 278,019             |
| Trade and other receivables       | (12,368,925)        | 225,003             |
| Receivable from Sale of Asset     | 12,405,196          | 12,405,196          |
| Other assets                      | 50,400              | 171,608             |
| Investment properties             | 1,600,000           | 3,898,090           |
| <b>Total financial assets</b>     | <b>1,760,227</b>    | <b>16,977,916</b>   |

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**Financial liabilities**

|                                    |                  |                   |
|------------------------------------|------------------|-------------------|
| Trade and other payables           | 381,464          | 816,391           |
| Distribution Payable               | -                | 11,612,546        |
| Unitholders' funds                 | 1,378,763        | 4,548,979         |
| <b>Total financial liabilities</b> | <b>1,760,227</b> | <b>16,977,916</b> |

The nature and extent of the financial instruments and other assets held at reporting date and the risk management policies employed by the Scheme are as follows:

**(a) Market Risk**

Market risk embodies the potential for losses and gains and includes currency risk, interest rate risk and price risk. The Responsible Entity manages the Scheme's exposure to market risks in accordance with the investment strategy, which is to provide moderate to high income returns and long term capital growth through investment in direct property. Property selection is based on rental income, lease terms, quality of tenants and other variable factors.

**Currency Risk**

The Scheme does not invest in financial instruments denominated in currencies other than the measurement currency (Australian Dollars) and consequently is not exposed to currency risk.

**Price Risk**

Price Risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices. As all of the Scheme's financial instruments are carried at fair value with changes recognised in the Profit or Loss, all changes in market conditions will directly affect Total Income.

At each reporting date, the fair values of the investment properties are assessed by the Responsible Entity by reference to independent valuation reports or through appropriate valuation techniques adopted by the Responsible Entity.

The carrying amount of investment properties recorded in the Statement of Financial Position includes components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future periods.

**Sensitivity Analysis**

A 10% increase in the value of the investment properties would have increased Total Assets and Total Income by \$160,000 (2019: \$389,809). An equal change in the opposite direction would have decreased the Total Assets and Total Income by an equal opposite amount.

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**Interest Rate Risk**

The nature of the Scheme's investments means the exposure to interest rate risk is relatively minor. The Scheme's exposure to interest rate risk and the effective weighted interest rate for its financial assets and financial liabilities is set out below:

|                                    | Weighted Average Effective Interest Rate |          | Interest bearing |                | Non-interest bearing |                   | Total            |                   |
|------------------------------------|--|----------|------------------|----------------|----------------------|-------------------|------------------|-------------------|
|                                    | 2020 (%)                                 | 2019 (%) | 2020 (\$)        | 2019 (\$)      | 2020 (\$)            | 2019 (\$)         | 2020 (\$)        | 2019 (\$)         |
| <b>Financial Assets</b>            |  |          |                  |                |                      |                   |                  |                   |
| Cash                               | 0.92                                     | 1.75     | 73,556           | 127,562        | -                    | -                 | 73,556           | 127,562           |
| Receivables                        | -  | -        | -                | -              | 36,271               | 12,630,199        | 36,271           | 12,630,199        |
| Other Assets                       | -  | -        | -                | -              | 50,400               | 171,608           | 50,400           | 171,608           |
| <b>Total Financial Assets</b>      |  |          | <b>73,556</b>    | <b>127,562</b> | <b>86,671</b>        | <b>12,801,807</b> | <b>160,227</b>   | <b>12,929,369</b> |
| <b>Financial Liabilities</b>       |  |          |                  |                |                      |                   |                  |                   |
| Payables                           | -  | -        | -                | -              | 381,464              | 12,428,937        | 381,464          | 12,428,937        |
| Unitholders' Funds                 | -  | -        | -                | -              | 1,378,763            | 4,548,979         | 1,378,763        | 4,548,979         |
| <b>Total Financial Liabilities</b> |  |          | <b>-</b>         | <b>-</b>       | <b>1,760,227</b>     | <b>16,977,916</b> | <b>1,760,227</b> | <b>16,977,916</b> |

The effect of a change in interest rate on Total Assets and Total Income is immaterial.

**(b) Credit Risk**

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted. At 30 June 2020, the following financial assets were exposed to credit risk, cash and cash equivalents, trade and other receivables and managed funds.

Market prices generally incorporate credit assessments into valuations and the risk of loss is implicitly provided for in the carrying value of financial assets. The credit risk on financial assets of the Scheme, which have been recognised on the Statement of Financial Position, is the carrying amount as stated.

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**Financial Assets Past due not impaired**

|                          | Gross Amount (\$) | < 30 (\$) | Past Due   |            |               | Within initial trade terms (\$) |
|--------------------------|-------------------|-----------|------------|------------|---------------|---------------------------------|
|                          |                   |           | 31-60 (\$) | 61-90 (\$) | > 90 (\$)     |                                 |
| <b>30 June 2020</b>      |                   |           |            |            |               |                                 |
| Trade & Term Receivables | -                 | -         | -          | -          | -             | -                               |
| Other Receivables        | 36,271            | -         | -          | -          | 36,271        | 36,271                          |
| <b>Total</b>             | <b>36,271</b>     | <b>-</b>  | <b>-</b>   | <b>-</b>   | <b>36,271</b> | <b>36,271</b>                   |

**30 June 2019**

|                          |                |               |          |          |               |               |
|--------------------------|----------------|---------------|----------|----------|---------------|---------------|
| Trade & Term Receivables | 106,020        | 58,661        | -        | -        | 47,359        | 58,661        |
| Other Receivables        | 35,939         | 35,939        | -        | -        | -             | 35,939        |
| <b>Total</b>             | <b>141,959</b> | <b>94,600</b> | <b>-</b> | <b>-</b> | <b>47,359</b> | <b>94,600</b> |

**Financial Assets Past due impaired**

|                          | Gross Amount (\$) | < 30 (\$) | Past Due   |            |           | Within initial trade terms (\$) |
|--------------------------|-------------------|-----------|------------|------------|-----------|---------------------------------|
|                          |                   |           | 31-60 (\$) | 61-90 (\$) | > 90 (\$) |                                 |
| <b>30 June 2020</b>      |                   |           |            |            |           |                                 |
| Trade & Term Receivables | -                 | -         | -          | -          | -         | -                               |
| Other Receivables        | -                 | -         | -          | -          | -         | -                               |
| <b>Total</b>             | <b>-</b>          | <b>-</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>                        |

**30 June 2019**

|                          |               |          |          |          |               |          |
|--------------------------|---------------|----------|----------|----------|---------------|----------|
| Trade & Term Receivables | 46,263        | -        | -        | -        | 46,263        | -        |
| Other Receivables        | -             | -        | -        | -        | -             | -        |
| <b>Total</b>             | <b>46,263</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>46,263</b> | <b>-</b> |

**(c) Liquidity Risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's liquidity is constantly monitored to ensure sufficient cash flow is available to meet requirements.

In line with the nature of the direct property investments, the Scheme will remain an illiquid Scheme under the Corporations Act 2001. An investor will not be able to withdraw from the investment unless the Scheme is considered liquid in accordance with the Corporations Act 2001 or a suitable investor is able to replace the investor wishing to withdraw.

**Contractual Maturities of Financial Liabilities**

Unitholder Funds are subject to limitations due to illiquidity as detailed above.

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Trade and other payables are generally due within 30 days.

**(d) Net Fair Values of Financial Assets and Liabilities**

The Scheme's financial assets and liabilities are included in the Statement of Financial Position at amounts that approximate net fair value. The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 1(a) of the Statement of Significant Accounting Policies section.

As at 30 June 2020 the carrying amounts of the asset class Investment Properties were equal to fair values, \$1,600,000 (2019: \$3,898,090). As at 30 June 2020 the carrying amounts of remaining assets were equal to fair values, \$160,227 (2019: \$13,079,826). As at 30 June 2020 the carrying amounts of financial liabilities were equal to fair values, \$1,760,227 (2019: \$16,977,916).

**Financial and Other Assets Measured at Fair Value**

The financial assets recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- The assets and liabilities recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly. The Trustee values fixed interest securities held by the Fund using broker quotes, units in unit trusts using the unadjusted redemption price quoted by the underlying fund manager and OTC derivatives using valuation models.
- Level 3: one or more of the significant inputs are not based on observable market data, examples include implied unit prices, capitalisation rates, earnings multiples and recent comparable market transactions. The Trustee generally values units in unit trusts classified as level 3 instruments using the implied unit price provided by the underlying fund manager unless there is a specific verifiable reason to vary from the unit price provided. The level 3 unit trusts held by the Fund may include closed funds which are illiquid investments. The level 3 unit trusts hold assets such as property and equity that cannot be readily observable.

|                       | Level 1<br>(\$) | Level 2<br>(\$) | Level 3<br>(\$)  | Total<br>(\$)    |
|-----------------------|-----------------|-----------------|------------------|------------------|
| <b>30 June 2020</b>   |                 |                 |                  |                  |
| Investment properties | -               | -               | 1,600,000        | 1,600,000        |
| Managed funds         | -               | -               | -                | -                |
| <b>Total</b>          | <b>-</b>        | <b>-</b>        | <b>1,600,000</b> | <b>1,600,000</b> |
| <b>30 June 2019</b>   |                 |                 |                  |                  |
| Investment properties | -               | -               | 3,898,090        | 3,898,090        |
| Managed funds         | -               | -               | -                | -                |
| <b>Total</b>          | <b>-</b>        | <b>-</b>        | <b>3,898,090</b> | <b>3,898,090</b> |

There was \$2,298,090 transferred between the level 3 during the year.

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Managed Funds classified as Level 2 relates to investments in related managed investment schemes that invest in mortgage loans. This classification has been applied as their value is not based on prices in active markets (Level 1), rather their value is based on the net assets of the underlying schemes at reporting date.

Note 3 details the movement in the fair value of investment properties.

For the valuation of investment properties in Level 3, the valuer has adopted various valuation methodologies deemed appropriate to the type of property and holding type.

For investment properties owned outright by the Scheme, the Income Capitalisation method, together with either Direct Sales Comparison or Discounted Future Cash Flows have been applied.

For leasehold interest properties held by Class B unitholders, the Income Capitalisation and Net Present Value of Remaining Leasehold Term Certain methods have been used as per the following table:

| Property                                  | Valuation   | Capitalisation Rate | Discount Rate | Direct Comparison      | Method of Valuation  |
|---|-------------|---------------------|---------------|------------------------|--|
| CHUT B - Unit 3/60 Hindmarsh Sq, Adelaide | \$1,600,000 | 10.00%              | N/A           | \$2,078/m <sup>2</sup> | 1) Direct Comparison; and<br>(2) Capitalisation (secondary method) |

Although the Scheme believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on profit or loss:

|                       | Favourable<br>(\$) | (Unfavourable)<br>(\$) |
|-----------------------|--------------------|------------------------|
| <b>30 June 2020</b>   |                    |                        |
| Investment properties | -                  | -                      |
| <b>30 June 2019</b>   |                    |                        |
| Investment properties | -                  | -                      |

This assessment of the effects of using reasonably possible alternative assumptions has been calculated by varying the movement in property valuation between years by 25%.

**(e) Operational Risk**

Operational risk is the risk of loss arising from causes associated with the processes, technology and infrastructure supporting the Scheme's activities with financial instruments either internally within the scheme or externally at the Scheme's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements.

The Scheme's objective is to manage operational risk so as to balance mitigation of risk with achieving its investment objective and generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Directors of the Responsible Entity.

The Directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular reporting, ad-hoc discussions and an annual on-site review with the service providers and a review of the service providers' GS007 report on internal controls.

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Substantially all of the assets of the Scheme are held by Certes CT Pty Limited. Bankruptcy or insolvency of the Scheme's custodian may cause the Scheme's rights with respect to the securities held by the custodian to be delayed or limited. The Responsible Entity monitors the capital adequacy of its custodian quarterly and reviews the findings documented in the GS007 report on the internal controls annually.

The Scheme has provided the custodian a general lien over the financial assets held in custody for the purpose of covering the exposure from providing custody services. The general lien is part of the standard contractual terms of the custody agreement.

**11. COMMITMENTS**

**(a) Lease Commitments Receivable**

The minimum future lease payments receivable under non-cancellable leases are as follows:

| Lease commitments receivable within: | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|--------------------------------------|----------------------|----------------------|
| < 1 year                             | 1,38,330             | 1,166,340            |
| 1-5 years                            | 39,411               | 1,291,917            |
| > 5 years                            | -                    | 20,507               |
| <b>Total</b>                         | 177,741              | 2,478,763            |

Contingent rents recognised in the year totalled \$Nil (2019: \$Nil).

The Scheme leases properties to suitable tenants using a variety of normal commercial leasing arrangements and periods depending on the nature of the particular property. There are different methods of recovering building expenses, usually by either including the expenses in the standard rent or by charging the outgoings in addition to the standard rent. The Scheme has a variety of these lease types. The leases stipulate the terms and conditions of the arrangement including the right of renewal or extension. Leases are legally enforceable contracts.

**(b) Operating Lease Commitments**

| Operating Lease commitments payable within: | 30 June 2020<br>(\$) | 30 June 2019<br>(\$) |
|---|----------------------|----------------------|
| < 1 year                                    | -                    | 523,792              |
| 1-5 years                                   | -                    | 2,096,603            |
| > 5 years                                   | -                    | 1,424,547            |
| <b>Total</b>                                | -                    | 3,521,150            |

The Scheme did not own the land at Lots 1 & 23 Dyson Road, Noarlunga (B Class Units). The property was sold during the reporting period.

**12. IMPAIRMENT LOSS**

During the year the Scheme has recognised a provision for impairment of receivables expense of \$42,928 (2019: \$42,057) which related to lease payments not received from the tenant prior to the sale of Lots 1 & 23 Dyson Road, Noarlunga (B Class Units).

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**13. SCHEME DETAILS**

The registered office and principal place of business of the Responsible Entity, Tidswell Financial Services Ltd, and the Scheme is 50 Hindmarsh Square, Adelaide SA 5000.

**14. AUDITOR'S REMUNERATION**

Auditor remuneration in relation to the Scheme for the year ended 30 June 2020 totalled \$17,500 (2019: \$26,874). This is comprised of \$12,500 (2019: \$20,374) for audit services which is payable by the Scheme and \$Nil (2019: \$6,500) for other services which is payable by the Responsible Entity.

**15. SUB-FUND REPORTING**

Business Segments

The individual sub-funds that have been identified are the four sub-funds which comprise each separate property, which are treated individually for the purpose of unit valuation and distribution. This disclosure has not been prepared for the purpose of disclosing operating segments, but has been prepared as it is considered to be relevant to the users of the financial statements.

|   | Unit Class<br>B |                | Unit Class<br>D |                | Unit Class<br>E |                | Total          |                |
|---|-----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000  | 2019<br>\$'000 | 2020<br>\$'000  | 2019<br>\$'000 | 2020<br>\$'000  | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Segment Investment Income                 | 534             | 1,257          | -               | 40             | 137             | 1,175          | 671            | 2,472          |
| <b>Total Investment Income</b>            | <b>534</b>      | <b>1,257</b>   | <b>-</b>        | <b>40</b>      | <b>137</b>      | <b>1,175</b>   | <b>671</b>     | <b>2,472</b>   |
| Segment Net Profit before<br>Distribution | (1,422)         | 92             |                 | 12             | 146             | 1,269          | (1,276)        | 1,372          |
| Distributions Paid and Yet to be<br>Paid  | (1,422)         | 92             |                 | 12             | 146             | 1,269          | (1,276)        | 1,372          |
| <b>Total Net Profit</b>                   | <b>-</b>        | <b>-</b>       | <b>-</b>        | <b>-</b>       | <b>-</b>        | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| Segment Assets                            | 1,760           | 4,239          | -               | -              | -               | 12,738         | 1,760          | 16,977         |
| Segment Liabilities                       | 1,760           | 4,239          | -               | -              | -               | 12,738         | 1,760          | 16,977         |

**ANNUAL FINANCIAL REPORT  
for the year ended 30 June 2020**

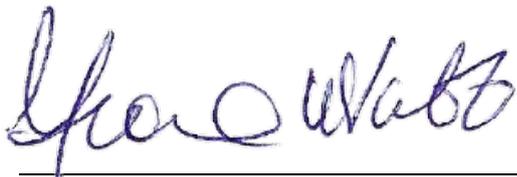
## **Responsible Entity's Directors' Declaration**

The Directors of Tidswell Financial Services Ltd, Responsible Entity of The Commonwealth House Unit Trust Managed Investment Scheme, declare that:

1. The financial statements and notes, as set out on pages 8 to 28, are in accordance with the Corporations Act 2001:
  - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Scheme.
2. These financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.
3. In the directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Tidswell Financial Services Ltd:

**TIDSWELL FINANCIAL SERVICES LTD**



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Fiona McNabb

**Director**

30 September 2020

## INDEPENDENT AUDITOR'S REPORT

To the unitholders of The Commonwealth House Unit Trust Managed Investment Scheme

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Commonwealth House Unit Trust Managed Investment Scheme (the Trust), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of The Commonwealth House Unit Trust Managed Investment Scheme, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Trust's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) 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 Trust 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Emphasis of matter - Basis of preparation

We draw attention to Note 1 of the financial report, which states that the financial report of the Trust has been prepared on a liquidation basis given the Director's intention to wind up the Trust. Our opinion is not modified in respect of this matter.



### **Other information**

The directors of Tidswell Financial Services Limited (the Responsible Entity) are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, 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 on the other information obtained prior to the date of this auditor's report, 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 of the Responsible Entity 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust'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 Trust or to cease operations, or has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'James Dixon'.

James Dixon  
Director

Melbourne, 30 September 2020