

HARMONY DANDENONG UNIT TRUST

ABN 13 696 504 649

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

HARMONY DANDENONG UNIT TRUST
ABN 13 696 504 649

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
INCOME			
Rent Received		871,729	700,428
LESS EXPENDITURE			
Accountancy Fees		2,710	2,760
Amortisation - Syndicate Establishment Costs		37,818	37,816
Auditors' Remuneration		1,060	1,020
Bank Charges		3	60
Borrowing Expenses		-	12,180
Consultancy Fees		12,019	220
Depreciation		20,587	23,459
Depreciation - Building & Improvements		112,109	205,448
Interest Paid		167,757	197,070
Legal Costs		-	1,399
Licences, Registrations & Permits		276	273
Management Fees		58,800	50,800
Sundry Expenses		140	137
Valuation Fees		6,000	-
		419,279	532,642
NET OPERATING PROFIT		452,450	167,786
Distribution to beneficiaries:			
Beneficiaries		452,450	167,786
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		-	-

The accompanying notes form part of these financial statements.

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BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash At Bank		280,294	180,877
TOTAL CURRENT ASSETS		280,294	180,877
FIXED ASSETS			
Land & Buildings		7,808,391	7,808,391
Less Accumulated Depreciation		(432,217)	(361,940)
Property Improvements		2,572,676	2,492,115
Less Accumulated Depreciation		(218,177)	(155,758)
		2,354,499	2,336,357
TOTAL FIXED ASSETS		9,730,673	9,782,808
INTANGIBLE ASSETS			
Syndicate Establishment Costs		252,215	252,215
Less Accumulated Amortisation		(184,674)	(146,856)
Borrowing Costs		60,898	60,898
Less Accumulated Amortisation		(60,898)	(60,898)
TOTAL INTANGIBLE ASSETS		67,541	105,359
TOTAL ASSETS		10,078,508	10,069,044
CURRENT LIABILITIES			
Accounts Payable		1,166	1,353
Goods And Services Tax : GST		18,394	22,443
TOTAL CURRENT LIABILITIES		19,560	23,796
NON-CURRENT LIABILITIES			
Beneficiary Entitlements:			
Unit Holders		13,700	-
Loan - Bank		5,150,000	5,150,000
TOTAL NON-CURRENT LIABILITIES		5,163,700	5,150,000
TOTAL LIABILITIES		5,183,260	5,173,796
NET ASSETS		4,895,248	4,895,248
TRUST FUNDS			
Issued Unit Capital		5,850,000	5,850,000
Less Capital Adjustment		(954,752)	(954,752)
TOTAL TRUST FUNDS		4,895,248	4,895,248

The accompanying notes form part of these financial statements.

HARMONY DANDENONG UNIT TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 Summary of Significant Accounting Policies

The directors of the trustee company have prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the trust deed, the information needs of the beneficiaries and for the basis of preparation of the income tax return.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Property, Plant and Equipment

All property, plant and equipment assets are initially measured at cost and are depreciated, except for freehold land, over their useful lives to the trust.

The carrying amount of property, plant and equipment is reviewed annually by the trustee to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed via reference to the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of buildings and capitalised lease assets are calculated on a straight-line basis over the asset's useful life to the trust, commencing from the time the asset is held ready for use.

The depreciable amount of removable fixtures and fittings are calculated on a diminishing value basis over the asset's useful life to the trust, commencing from the time the asset is held ready for use.

(b) 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 Taxation 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 with other receivables or payables in the Balance Sheet.

(c) Trust Funds

The movement in Trust Funds on the Balance Sheet reflects the total value of Units issued less any distribution of profit and return of capital for the period.

The closing balance of Trust Funds on the Balance Sheet represents the total value of Units issued to unit holders, less distributions of entitled profit and any return of capital that has occurred over the life of the Syndicate.

(d) Rent Received

Income allocated to Rent Received is calculated by determining the net income directly attributed to the real property owned by the trust. This includes, but is not limited to, tenant rent and outgoings recoveries, less all property outgoing including insurance, rates, taxes, repairs and maintenance expenses.

HARMONY DANDENONG UNIT TRUST
ABN 13 696 504 649

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

(e) External Loan Borrowings

Loan borrowings are reported on the Balance Sheet as Non- Current Liabilities as they are not anticipated to be repaid at maturity date and the Directors expect to refinance the facility over the short-medium term.

The current facility expires on 31 December 2024.

(f) Beneficiary Entitlement Accounts

Beneficiary Entitlement Accounts have been recorded in the current financial year and the prior year comparative has been adjusted accordingly. This balance represents the portion of profit exceeding cash distributions in a given year. Unit holders have an interest in this account relative to their proportionate unit holding. The adjustment to record this amount was entered against the equity capital adjustment account.

**HARMONY DANDENONG UNIT TRUST
ABN 13 696 504 649**

**COMPILATION REPORT
TO HARMONY DANDENONG UNIT TRUST**

We have compiled the accompanying special purpose financial statements of Harmony Dandenong Unit Trust, which comprise the balance sheet as at 30 June 2022, the profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements. The special purpose financial statements are only suitable for the purpose set out in Note 1 to the financial statements and may not be suitable for any other purpose.

The Responsibility of the Directors of the Trustee Company

The directors of the trustee company are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the significant accounting policies used are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors of the trustee company, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies as described in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the significant accounting policies described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors of the trustee company who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

**William Buck (SA) Pty Ltd
Level 6, 211 Victoria Square
Adelaide, SA, 5000**



Director: Adrian Chugg

Dated: 10 August 2022





HARMONY DANDENONG UNIT TRUST
ABN 13 696 504 649


DIRECTORS' DECLARATION

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the directors, the directors of the trustee company declare that:

1. the financial statements and notes, which comprise the balance sheet as at 30 June 2022, the profit and loss statement for the year then ended, a summary of significant accounting policies and other explanatory notes present fairly the trust's financial position as at 30 June 2022 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Director



Geoffrey Thomas Robertson

Dated: 4 August 2022

INDEPENDENT AUDITOR'S REPORT

**To the members of Harmony Dandenong Pty Ltd
As Trustee for the Harmony Dandenong Unit Trust**

Report on the Audit of the Financial Report

HEAD OFFICE

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Dean Newbery
ABN: 30 164 612 890

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Harmony Dandenong Pty Ltd as Trustee for the Harmony Dandenong Unit Trust (the Entity), which comprises the Balance Sheet as at 30 June 2022, the Profit and Loss Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2022, and of its financial performance for the year then ended in accordance with the accounting policies used and described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is a special purpose financial report that has been prepared for the purpose of fulfilling the Directors' financial report responsibilities and needs. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the trustee company's constitution. Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Directors of Harmony Dandenong Pty Ltd as Trustee for the Harmony Dandenong Unit Trust are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

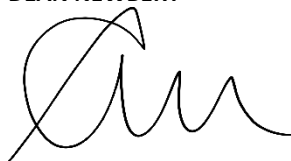
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the 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 financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY



SAMANTHA CRETEN
PARTNER

Signed on the 15th of August 2022,
at 214 Melbourne Street, North Adelaide

HARMONY DANDENONG UNIT TRUST

(80-86 Frankston Dandenong Rd, Dandenong VIC)

Explanatory Notes

Indicative Unit Price

As at 30 June 2022 the Indicative Unit Price is \$2.18

All property held by the Trust was externally valued by a Certified Property Valuer at 30 June 2022. This was undertaken to ensure a robust examination of the underlying property values used to calculate the indicative unit price, for the benefit of all unitholders.

The Indicative Unit Price has been calculated in accordance with ASIC Regulatory Guideline 46, adopting the following definition;

$$\text{NTA} = \frac{\text{Net Assets} - \text{Intangible Assets} \pm \text{any other Adjustments}}{\text{Number of Units in the Trust on issue}}$$

Under this definition various purchasing costs such as Stamp Duty are written off gradually over the stated term of the Syndicate.

Tax Reconciliation to the Annual Financial Statements 2021/22

Reconciliation of Taxable Income	\$
Net Income per Financial Statements	452,450
Add:	
Auditor's Remuneration accrued and not paid	1,060
Amortisation of Syndicate Establishment Costs	37,818
Less:	
Auditor's Remuneration accrued last year, paid this year	(1,020)
<u>Taxable Income</u>	<u>490,308</u>

Please ensure that both the Tax Statement and these Explanatory Notes are forwarded to your Accountant/Tax Advisor for income tax purposes