

**Stockwell Flagstone Pty Ltd
as Trustee for
Flagstone Village Property Trust**

Financial Statements

For the Year Ended 30 June 2022

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

For the Year Ended 30 June 2022

CONTENTS

	<u>Page</u>
Directors' Report	2
Directors' Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Notes to Financial Statements	6
Independent Audit Report	10
Auditors' Independence Declaration	12

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Directors' Report
For the Year Ended 30 June 2022

Your director present this report on the Trust for the year ended 30 June 2022.

Directors

The name of a person who has been a director of the Trustee during the year and to the date of this report:

Mark William Stockwell

Director of the Trustee have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Result

The Trust recorded a profit of \$4,199,527 for the period (2021 loss of: \$3,124,247)

Significant Changes in State of Affairs

The Trust was established on the 29th of June 2018.

Principal Activities

The principal activity of the Trust is the ownership, further development and management of the Flagstone Central Shopping Centre.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

The outbreak of the coronavirus disease (COVID-19) is impacting many sectors.

The Director of the Trustee is closely monitoring the impact of COVID-19 but considers the effect on the trust's business and financial performance will not be too significant.

Other than as noted above, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given, nor insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the Trustee Company or the Trust.

Proceedings on Behalf of the Trust

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party.

The Trust was not a party to any such proceedings during the year.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors.

Director 

Mark William Stockwell

Date: 1.11.22

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Directors' Declaration

The directors of the Trustee Company declare that:

1. The financial statements and notes, as set out on pages 4 to 9, present fairly the Trust's financial position as at year ended 30 June 2022 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory professional reporting requirements; and
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.

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

Director 
Mark William Stockwell

Dated this...1..... day of...Nov..... 2022

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	2022	2021
	\$	\$
Income		
Rental Income	3,420,899	2,956,706
Coupon Income	(6,649)	329,637
Outgoings Recovered	308,960	435,825
Other Operating Income		4,223
	<u>3,723,210</u>	<u>3,726,391</u>
Expenses		
Direct Expenses	1,021,512	802,701
Owner's Property Costs	248,543	109,263
Leasing Costs	52,138	-
	<u>1,322,193</u>	<u>911,964</u>
Total Net Rent	<u>2,401,017</u>	<u>2,814,427</u>
Expenses		
Finance costs	6,844	11,441
Management fee from trustee company	479,877	443,699
Borrowing Costs	13,000	-
Legal Fees	4,465	1,467
Decrease in fair value of investment property		4,836,554
Interest Expense	771,312	630,616
Other	12,112	15,899
Incentives Fitout Contribution	199,129	
Valuation	15,000	
	<u>1,501,739</u>	<u>5,939,676</u>
Total Expenses	<u>1,501,739</u>	<u>5,939,676</u>
Other Income		
Interest Received	250	1,002
Gains FV of Investmnt Props	3,300,000	-
Depreciation write back for tax	-	-
	<u>3,300,250</u>	<u>1,002</u>
Profit/(Loss) before distribution to unitholders	4,199,528	(3,124,247)
Profit distribution to unitholders	(2,005,527)	(2,009,188)
Profit/(Loss) attributable to unitholders	<u><u>-</u></u>	<u><u>-</u></u>

The above Income Statement should be read in conjunction with the accompanying notes.

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Statement of Financial Position

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	2	164,130	2,801,091
Trade and other receivables	3	1,441,014	1,397,795
Other Assets	4	-	3,104
		<u>1,605,144</u>	<u>4,201,990</u>
Non-Current Assets			
Property, Plant and Equipment	5	300,704	25,568
Investment Property	6	58,400,002	55,100,002
		<u>58,700,706</u>	<u>55,125,570</u>
TOTAL ASSETS		<u>60,305,850</u>	<u>59,327,560</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7	1,546,367	6,971,954
Total Current Liabilities		<u>1,546,367</u>	<u>6,971,954</u>
Non-Current Liabilities			
Long term borrowings	8	33,060,000	28,499,950
		<u>33,060,000</u>	<u>28,499,950</u>
TOTAL LIABILITIES		<u>34,606,367</u>	<u>35,471,904</u>
NET ASSETS		<u>25,699,483</u>	<u>23,855,656</u>
EQUITY			
Trust Capital	9	21,499,955	26,979,903
Retained earnings		4,199,527	(3,124,247)
TOTAL EQUITY		<u>25,699,483</u>	<u>23,855,656</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Statement 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.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

a. Cash and cash equivalents.

For the purpose of presentation, cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents are at call and are readily convertible to known amounts of cash, which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

b. Trade and other Receivables

Trade and other receivables include amounts due from rental income performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are recognised at nominal transaction value without taking into account the time value of money.

c. Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in the profit and loss in the period in which they arise, including the corresponding tax effect.

Valuations are performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Accounting policy for Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Statement of Significant Accounting Policies (Continued)

d. Trade and Other Payables

Trade and other payables, including distribution payable are recognised at the nominal transaction value without taking into account the time value of money.

e. Revenue and Other Income

Rent from the investment property includes lease revenue and outgoings recoveries associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements.

Outgoings recoveries are recognised in accordance with AASB15 Revenue from contracts with customers and are typically invoiced based on annual estimate. Revenue related to outgoings recoveries is recognised over time as the estimate costs are consumed by tenant.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

f. Goods and Services Tax (GST)

Revenue, 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 and payables in the balance sheet.

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Notes to the Financial Statements

For the Year Ended 30 June 2022

	2022 \$	2021 \$
2 Cash & Cash Equivalents		
Cash at bank	164,130	2,801,091
Total Cash & Cash Equivalents	<u>164,130</u>	<u>2,801,091</u>
3 Trade & Other Receivables - Current		
Trade Debtors	1,191,331	969,920
Trade Debtors - Tenancies	(109,899)	276,251
GST Receivable	-	-
Other receivables	359,582	151,624
Total Trade & Other Receivables	<u>1,441,014</u>	<u>1,397,795</u>
4 Other Assets		
Prepayments and accruals		3,104
Borrowing costs	-	-
Other Assets		
Total Other Assets	<u>-</u>	<u>3,104</u>
5 Property, Plant and Equipment		
Flagstone Village Shopping Centre, 1-33 Bushman Drive, Flagstone	-	-
Other acquisition costs	-	-
Development costs	300,704	25,568
Total Property, Plant and Equipment	<u>300,704</u>	<u>25,568</u>
6 Investment Property		
Flagstone Village Shopping Centre, 1-33 Bushman Drive, Flagstone	59,936,556	59,936,556
Revaluations	(1,536,554)	(4,836,554)
Total Investment Property	<u>58,400,002</u>	<u>55,100,002</u>
7 Trade & Other Payables		
Trade creditors	1,489,254	386,338
Accrued expenses	40,676	6,569,180
Accrued expenses-CMS	-	-
GST payables	16,437	16,436
Total Trade & Other Payables	<u>1,546,367</u>	<u>6,971,954</u>

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Notes to the Financial Statements

For the Year Ended 30 June 2022

	2022	2021
	\$	\$
8 Long Term Borrowings		
Bank of Queensland Loan	33,060,000	28,499,950
	<u>33,060,000</u>	<u>28,499,950</u>
9 Trust Capital		
Trust Capital - Unitholders	21,499,955	26,979,903
Total Trust Capital	<u>21,499,955</u>	<u>26,979,903</u>

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Independent Audit Report to the Unitholders of Flagstone Village Property Trust

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Stockwell Flagstone Pty Ltd as trustee for Flagstone Village Property Trust (the trust), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the trust:

- (i) gives a true and fair view of the Trust's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1.

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 auditor independence requirements of 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 (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 Company, 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 Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

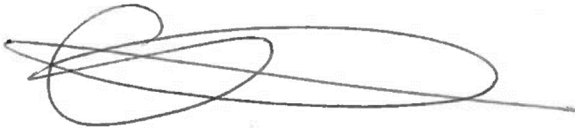
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 one for 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.



Clive Massingham
Director
HALL CHADWICK QLD

Dated this 1st November 2022

Stockwell Flagstone Pty Ltd as Trustee for Flagstone Village Property Trust

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Clive Massingham
Director
HALL CHADWICK QLD

Dated this 1st November 2022