

Burrell World Equities Trust

ABN 56 548 863 048

Financial Statements - 30 June 2023

**Burrell World Equities Trust
Corporate Directory
30 June 2023**

Responsible entity	Burrell Securities Limited
Directors	Roger J Burrell Christopher T Burrell Gregory J Vickery Steven S Pritchard
Company secretary	Ian F Davey Saskia R Jo
Registered office	Level 4, 24 Little Edward Street Spring Hill QLD 4000 Phone: 61 7 3006 7200 Fax: 61 7 3839 6964
Principal place of business	Level 4, 24 Little Edward Street Spring Hill QLD 4000
Unit register	Burrell Securities Ltd Level 4, 24 Little Edward Street Spring Hill QLD 4000 Telephone: 61 7 3006 7200 Facsimile: 61 7 3839 6964
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Website	http://www.burrell.com.au

**Burrell World Equities Trust
Directors' Report
30 June 2023**

The directors of Burrell Securities Limited, the Responsible Entity of the Burrell World Equities Trust, ('BWET' or 'the Scheme') (ARSN 161 820 864), present their annual report, together with the financial statements of the Burrell World Equities Trust for the financial ended 30 June 2023.

The Scheme

The Scheme was registered on 18 January 2013 and a Product Disclosure Statement was issued on 30 September 2022 to raise funds from retail investors.

Responsible Entity

Burrell Securities Limited (ABN 92 083 535 031) (the 'Responsible Entity') is an unlisted public company incorporated under the Corporations Act 2001 and holds an Australian Financial Services License, No. 381 667.

Directors

The following persons were directors of Burrell Securities Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Roger J Burrell
Christopher T Burrell
Gregory J Vickery
Steven S Pritchard

Company Secretary

Ian F Davey
Saskia R Jo

Service Providers

The service providers during or since the end of the year are:

Service Type	Service
Responsible Entity	Burrell Securities Limited
Custodian	Burrell & Co Holdings Pty Ltd
Investment Manager	Burrell Stockbroking Pty Ltd
Auditor	PKF Brisbane Audit

Principal Activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme is to invest unit holder's funds in an investment portfolio with a medium to long term horizon comprising:

- i. International securities listed either on the ASX or overseas exchanges, and
- ii. Internationally invested managed funds

There has been no significant change in the type of investing activities of the Scheme during the financial year.

The primary objective of the Scheme is to provide returns to unit holders from distributions and capital growth.

The Scheme did not have any employees during the year.

Burrell World Equities Trust
Directors' Report (continued)
30 June 2023

Distributions

Distributions paid or provided for during the financial year were as follows:

Final distribution

	30-Jun-23	30-Jun-22
	\$	\$
Final distribution paid or payable	<u>134,662</u>	<u>120,399</u>
Year ended	30/06/2023	30/06/2022
Cents per unit	3.30 ¢	3.07 ¢
Date paid or provided for	30/10/2023	12/10/2022

Interim distribution

	30-Jun-23	30-Jun-22
	\$	\$
Interim distribution paid	<u>43,572</u>	<u>121,811</u>
Half-year ended	31/12/2022	31/12/2021
Cents per unit	1.070 ¢	3.14 ¢
Date paid or provided for	28/04/2023	6/04/2022

Results

The results of the operations of the Scheme are disclosed in the Statement of profit or loss and other comprehensive income.

	30-Jun-23	30-Jun-22
Profit attributable to the unit holders for the financial year	<u>108,373</u>	<u>47,880</u>

Review of operations

The recent run up in international markets in the last six months has been caused by euphoria over artificial intelligence and investor expectations for central banks to begin cutting interest rates. The ten largest companies in the S&P 500 drove most of the index increases. This has led to high valuations amongst some companies in a select few sectors has masked relative value in other parts of the market. Fears around a slowing global economy and possible recession along with ongoing geopolitics highlighted by the war in Ukraine and still relatively high inflation rates may cause some volatility in the coming months and thereby providing attractive opportunities to add good quality global brand name companies to the portfolio at more attractive prices. The MSCI All Country World Ex-Australia Index has seen strong performance since the start of the calendar year mainly attributed to outperformance of a select number of technology companies. With high valuations and potential for earnings disappointment in the future, market volatility is likely to increase.

Performance Outcomes

Net Return

The net return to unitholders for the financial year ended 30 June 2023 was 14.35% (30 June 2022: -3.94%). This 'net return' is not directly comparable to publicly reported unit price or accumulation indices because it is after costs have been deducted for managing and administering the portfolio and the Scheme.

Burrell World Equities Trust
Directors' Report (continued)
30 June 2023

Gross Returns

For comparative purposes we benchmark the investment portfolio against the "MSCI" World (excluding Australia) Accumulation Index in local currency.

The performances of the investment portfolio for the financial year ended 30 June 2023 and the comparative prior period are as follows:

	30-Jun-23	30-Jun-22
	%	%
Burrell World Equities Trust	17.5	(4.1)
MSCI World Index ex Australia (in Australian dollar terms)	16.9	(8.3)

The Scheme's investments by industry sector were:

	30-Jun-23	30-Jun-22
	%	%
Managed funds and LICs	22.9	25.9
Cash & cash equivalents	15.2	14.1
Information technology & Telecommunications	12.3	12.1
Financials	11.6	10.6
Health care	10.8	11.0
Consumer discretionary	7.9	6.7
Industrials	6.6	5.0
Energy	4.8	5.6
Materials	4.4	5.3
Consumer staples	3.5	3.7

The Scheme's investments by geographic area were:

	30-Jun-23	30-Jun-22
	%	%
Global	44.9	47.0
Americas	32.3	29.6
Europe excl. United Kingdom	12.3	11.2
Australia & New Zealand	7.6	7.3
Asia Pacific excl. Australia	2.5	4.7
United Kingdom	0.5	0.2

Securities representing 5% or more of the investments in the portfolio as at 30 June 2023 were:

	30-Jun-23	30-Jun-22
	% of portfolio	% of portfolio
Incometric Fund Class B Units	14.2	15.5
Apple Ord	6.5	-

Management costs

The Scheme's Indirect Cost Ratio (ICR) is as follows:

	30-Jun-23	30-Jun-22
Ratio of indirect costs to total average net assets	<u>1.5%</u>	<u>1.6%</u>

The ICR for the Scheme is the ratio of the Scheme's management costs, that are not deducted directly from the investor's account to the Scheme's total average net assets.

Burrell World Equities Trust
Directors' Report (continued)
30 June 2023

Net Asset Value per Unit

The Scheme administrator calculates the net asset value of the Scheme's units on each Friday as at the close of business on the previous day.

	30-Jun-23	30-Jun-22
Ex distribution net asset value per unit for the Scheme	<u>\$1.50</u>	<u>\$1.35</u>

The net asset value per unit is determined by the value of the assets of the Scheme, (adjusted for estimated transaction costs), less its liabilities, divided by the number of units on issue.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Scheme during the financial year.

Matters subsequent to the end of the financial year

On 29 August 2023, Burrell World Equities Trust has successfully raised capital through a non-renounceable rights issue, on the basis of one New Unit for every twenty existing units at \$1.49 each. As a result, 204,232 New Units were issued on 30th August 2023 and raised a capital of \$304,306.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Trust's operations, the results of those operations, or the Trust's state of affairs in future financial years.

Options granted

No options were:

- i. Granted over unissued units in the Scheme during the year or since the end of the financial year; or
- ii. Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this report was made.

No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.

Likely developments and expected results of operations

There is no information on the likely developments in the operations of the Scheme and the expected results of operations that have not been included in this report.

Environmental regulation

The Scheme is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on the directors of the Responsible Entity

Name:	Roger J Burrell
Title:	Chairman
Qualifications:	B. Com, L.L.B., F Fin, F.A.I.C.D., Dip Fin, Dip FMBM.
Experience and expertise:	Roger has been a Director since 1987. He is also Principal of his own legal firm and Legal Consultant to QM Properties Group. Roger is a former Partner at national law firm Clayton Utz (1987 – 2000) and former Partner (2000 – 2006) and Consultant (2006 – 2011) at Phillips Fox (subsequently DLA Piper/ DLA Phillips Fox).
Other current directorships:	Burrell Stockbroking Pty Ltd and related entities
Former directorships (in the last 3 years):	Multiple Sclerosis Society of Queensland
Interests in units:	106,269 beneficially held Fully Paid units.
Interests in options:	None.

**Burrell World Equities Trust
Directors' Report (continued)
30 June 2023**

Name:	Christopher T Burrell
Title:	Director
Qualifications:	M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.
Experience and expertise:	Chris has been a Director since 1998. He was the Company's Chairman from 1983 to 2002. He has held the position of Managing Director of Burrell Stockbroking Pty Ltd since 1997. He was a Partner at Coopers and Lybrand, Chartered Accountants, for 15 years; a previous Director of Queensland electricity retailer, Ergon; a former member of the Industrial Research & Development Committee within the Commonwealth Department of Industry, Science and Resources; and a former State Councillor for the Securities Institute of Australia.
Other current directorships:	Burrell Stockbroking Pty Ltd and related entities, and The Donald and Joan Wilson Foundation
Former directorships (in the last 3 years):	None.
Interests in units:	226,429 beneficially and 40,571 non-beneficially held Fully Paid units.
Interests in options:	None.
Name:	Gregory J Vickery
Title:	Director
Qualifications:	AO, F.A.I.C.D
Experience and expertise:	Greg has been a Director since 2020. He is a Senior Consultant at Norton Rose Fulbright, a global law firm, and was previously a Partner of the same firm for 40 years. He is a company and resources lawyer with a special interest and experience in corporate governance. He was for 10 years on the influential Federal Government Body CAMAC, which advised Treasury on the regulation of Companies and Markets.
Other current directorships:	Burrell Stockbroking Pty Ltd and related entities; Blue Economy CRC Ltd
Former directorships (in the last 3 years):	None.
Interests in units:	39,618 beneficially held Fully Paid units.
Interests in options:	None.

**Burrell World Equities Trust
Directors' Report (continued)
30 June 2023**

Name:	Steven S Pritchard
Title:	Director
Qualifications:	Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia, Previously a member of the Stock Exchange of Newcastle Limited
Experience and expertise:	Steven has many years of experience in providing strategic and financial advice to a broad range of clients in the financial services industry.
Other current directorships:	Lansdowne Investment Company Pty Ltd (since 1 April 2022), Illuminator Investment Company Limited (since 22 December 2003) Florin Mining Investment Company Limited (since 29 September 2004), Pritchard Equity Limited (since 10 May 2002) and Winpar Holdings Limited (since 4 July 2004).
Former directorships (in the last 3 years):	None.
Interests in units:	8,536 beneficially held Fully Paid units.
Interests in options:	None.

Company Secretary

Ian Davey (BBus, CPA) has been a Company Secretary of the Company since 2002 and is also a Director of Burrell & Co Holdings Pty Ltd and Burrell Stockbroking Pty Ltd. Prior to joining the Company, he was the Financial Controller of James Engineering Pty Ltd (1985 – 2000).

Saskia Jo (BCom, CPA, GIA) joined Burrell Stockbroking Pty Ltd in November 2021. Prior to joining the Company, she was a Company Secretary for Factor Therapeutics Limited and has over 15 years experience as a commercial accountant.

Meetings of directors

The number of meetings of the Responsible entity's Board of Directors held during the year ended 30 June 2023, and the number of meetings attended by each director was:

	Full Board	
	Eligible to attend	Attended
Roger J Burrell	4	3
Christopher T Burrell	4	4
Gregory J Vickery	4	4
Steven S Pritchard	4	3

**Burrell World Equities Trust
Directors' Report (continued)
30 June 2023**

Indemnity and insurance of officers

The Responsible Entity has indemnified the directors, secretary and executives of the Responsible Entity for costs incurred, in their capacity as a director, secretary or executive, for which they may be held personally liable, except where there is lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Responsible Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Responsible Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Responsible Entity has not paid a premium in respect of a contract to insure the auditor of the Responsible Entity or any related party.

Proceedings of behalf of the Responsible Entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Responsible Entity, or to intervene in any proceedings to the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Responsible Entity who are former audit partners of PKF Brisbane Audit

There are no officers of the Responsible Entity who are former audit partners of PKF Brisbane Audit.

Auditor's independence declaration

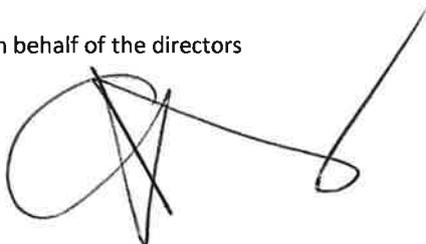
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Auditor

PKF Brisbane Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298 (2) (a) of the Corporations Act 2001.

On behalf of the directors



Gregory J Vickery
Director

6 September 2023
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BURRELLS SECURITIES LIMITED AS THE RESPONSIBLE ENTITY OF
BURRELL WORLD EQUITIES TRUST

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



PKF BRISBANE AUDIT



Timothy Cronin
PARTNER

Brisbane
6 September 2023

Burrell World Equities Trust
Financial Report
30 June 2023

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General information

The financial report covers Burrell World Equities Trust as an individual entity. The financial report is presented in Australian dollars, which is Burrell World Equities Trust's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Burrell World Equities Trust is a managed investment scheme, registered and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 24 Little Edward Street
Brisbane QLD 4000

A description of the nature of the Scheme's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of the directors of the Responsible entity, on 6 September 2023. The directors have the power to amend and reissue the financial report.

Burrell World Equities Trust
Statement of profit or loss and other comprehensive income
For the financial year ended 30 June 2023

	Note	2023	2022
		\$	\$
Revenue	4	161,815	104,283
Other income	5	33,453	16,411
Expenses			
Accounting and audit fees		(4,444)	(4,565)
Interest expense		(42)	(149)
Legal expenses		(5,830)	(5,920)
Managed portfolio service fees		(40,887)	(40,003)
Unrealised foreign exchange movements		660	14,604
Secretarial expenses		(32,032)	(33,744)
Other expenses		(4,320)	(3,037)
Total expenses		<u>(86,895)</u>	<u>(72,814)</u>
Profit attributable to unit holders	12	<u>108,373</u>	<u>47,880</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Unrealised changes in the value of equity investments at fair value		536,151	(506,038)
Realised net fair value gain on equity investments at fair value		<u>179,852</u>	<u>210,359</u>
Other comprehensive income for the financial year, net of tax		<u>716,003</u>	<u>(295,679)</u>
Total comprehensive income for the financial year attributable to the owners of Burrell World Equities Trust		<u><u>824,376</u></u>	<u><u>(247,799)</u></u>
		Cents	Cents
Basic earnings per unit	20	2.84 ¢	1.23 ¢
Diluted earnings per unit	20	2.84 ¢	1.23 ¢

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Burrell World Equities Trust
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	960,283	765,891
Trade and other receivables	7	39,187	6,439
Total current assets		<u>999,470</u>	<u>772,330</u>
Non-current assets			
Financial assets	8	5,267,747	4,632,031
Total non-current assets		<u>5,267,747</u>	<u>4,632,031</u>
Total assets		<u>6,267,217</u>	<u>5,404,361</u>
Liabilities			
Current liabilities			
Trade and other payables	9	134,662	120,400
Total current liabilities		<u>134,662</u>	<u>120,400</u>
Total liabilities		<u>134,662</u>	<u>120,400</u>
Net assets attributable to unitholders		<u>6,132,555</u>	<u>5,283,961</u>
Represented by:			
Units on issue	10	4,055,841	3,828,773
Reserves	11	2,349,384	1,633,381
Retained profits/(Accumulated losses)	12	(272,670)	(178,193)
		<u>6,132,555</u>	<u>5,283,961</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Burrell World Equities Trust
Statement of changes in equity
For the financial year ended 30 June 2023

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2021		3,706,955	1,929,060	2,128	5,638,143
Profit for the financial year		-	-	47,880	47,880
Other comprehensive income for the financial year		-	(295,679)	-	(295,679)
Total comprehensive income for the financial year		-	(295,679)	47,880	(247,799)
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	10	130,321	-	-	130,321
Redemptions of units	10	(8,503)	-	-	(8,503)
Distributions paid or payable	13	-	-	(228,201)	(228,201)
Balance at 30 June 2022		<u>3,828,773</u>	<u>1,633,381</u>	<u>(178,193)</u>	<u>5,283,961</u>

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2022		3,828,773	1,633,381	(178,193)	5,283,961
Profit for the financial year		-	-	108,373	108,373
Other comprehensive income for the financial year		-	716,003	-	716,003
Total comprehensive income for the financial year		-	716,003	108,373	824,376
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	10	245,449	-	-	245,449
Redemptions of units	10	(18,381)	-	-	(18,381)
Distributions paid or payable	13	-	-	(202,850)	(202,850)
Balance at 30 June 2023		<u>4,055,841</u>	<u>2,349,384</u>	<u>(272,670)</u>	<u>6,132,555</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Burrell World Equities Trust
Statement of cash flows
For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Dividends received		90,436	97,506
Interest received		8,819	1,229
Trust distributions received		29,812	19,036
Payments to suppliers (inclusive of GST)		<u>(87,555)</u>	<u>(92,856)</u>
Net cash from operating activities	19	<u>41,512</u>	<u>24,915</u>
Cash flows from investing activities			
Proceeds from sale of financial securities		799,868	1,235,408
Payments for financial securities		<u>(719,580)</u>	<u>(1,082,139)</u>
Net cash from investing activities		<u>80,288</u>	<u>153,269</u>
Cash flows from financing activities			
Proceeds from the issue of units to unitholders	10	245,449	130,321
Payments for redemption of units	10	(18,381)	(8,503)
Distributions paid to unitholders		<u>(188,589)</u>	<u>(128,524)</u>
Net cash from/(used in) financing activities		<u>38,479</u>	<u>(6,706)</u>
Net increase in cash and cash equivalents		160,279	171,478
Cash and cash equivalents at the beginning of the financial year		765,891	563,398
Effect of exchange rate changes on cash		<u>34,113</u>	<u>31,015</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>960,283</u></u>	<u><u>765,891</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 1. General information

The Burrell World Equities Trust (the Scheme) is a registered managed investment scheme domiciled in Australia. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Scheme is disclosed in the directors' report.

The Responsible Entity, Burrell Securities Limited (ABN 92 083 535 031), is an unlisted public company incorporated under the Corporations Act 2001, and holds an Australian Financial Services License.

The Scheme was registered on 18 January 2013 and issued a Product Disclosure Statement on 30 September 2022 in order to raise funds from retail investors.

The Financial Statements were authorised for issue on 6 September 2023 by the Directors of the Trustee Company.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The scheme has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the scheme.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the scheme is expected to be entitled in exchange for transferring goods or services to a customer.

Revenue from interest is recognised as it is received. Revenue from passive dividend and trust income is recognised when it is declared and is due and receivable.

Revenue from the sale of investments is recognised from the date of contract, and is the difference between the sale price, less selling costs, and the purchase price, or if revalued, the revalued amount.

Note 2. Significant accounting policies (continued)

Income tax

Under current income tax legislation, the Scheme is not liable to pay income tax as the net income of the Scheme is assessable in the hands of the beneficiaries (the unit holders) who are 'presently entitled' to the income of the Scheme. There is no income to which the unit holders are not presently entitled.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their relative tax bases, including taxes on capital gains which arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains are added to taxable income that is assessable in the hands of the unit holders as noted above.

Realised capital losses are not distributable to unit holders but are retained within the Scheme to be offset against any future realised capital gains. The benefit of carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of the unit holders in that period as is distributed to unit holders in accordance with the requirements of the Scheme Constitution.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The scheme has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Other receivables are recognised at amortised cost, less any provision for impairment.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Note 2. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the scheme has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the scheme intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition

Impairment of financial assets

The scheme recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the scheme's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the scheme has a present (legal or constructive) obligation as a result of a past event, it is probable the scheme will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Units are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per unit

Basic earnings per unit

Basic earnings per unit is calculated by dividing the profit attributable to the owners of the Scheme, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the scheme's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the scheme's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Unitholders' Funds

Units issued by the Scheme are redeemable at the option of the unitholder ("puttable") at any time after two months for the issue date. As the units satisfy all of the criteria for recognition as puttable financial instruments under paras 16A and 16B of AASB 132: *Financial Instruments: Presentation*, unitholders' funds are classified as equity. Units are measured at their issue price.

Applications and redemptions of units

Applications received for units are recorded net of any entry fees payable prior to the issue of the units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Scheme's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Scheme's Product Disclosure Statement and the Scheme's Constitution. Refer to Note 10 for further discussion of the features of the units.

New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the scheme for the annual reporting period ended 30 June 2023. The scheme's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the scheme, are set out below.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The scheme is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 4. Revenue

	2023	2022
	\$	\$
Dividends	97,134	97,170
Interest	8,819	1,229
Trust income	<u>55,862</u>	<u>5,884</u>
Revenue	<u><u>161,815</u></u>	<u><u>104,283</u></u>

Note 5. Other income

	2023	2022
	\$	\$
Net gain on realised foreign exchange movements	<u>33,453</u>	<u>16,411</u>

Note 6. Current assets - cash and cash equivalents

	2023	2022
	\$	\$
Cash and cash equivalents	<u>960,283</u>	<u>765,891</u>

Note 7. Current assets - trade and other receivables

	2023	2022
	\$	\$
Accrued income	<u>39,187</u>	<u>6,439</u>

Note 8. Non-current assets - financial assets

	2023	2022
	\$	\$
Equity investments at fair value	<u>5,267,747</u>	<u>4,632,031</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous period are set out below:

Opening fair value	4,632,031	5,080,980
Additions	719,581	1,082,139
Disposals	(799,868)	(1,235,409)
Revaluation increments/(decrements)	<u>716,003</u>	<u>(295,679)</u>
Closing fair value	<u><u>5,267,747</u></u>	<u><u>4,632,031</u></u>

Refer to Note 14 for further information on financial instruments.

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 9. Current liabilities - trade and other payables

	2023	2022
	\$	\$
Other payables	<u>134,662</u>	<u>120,400</u>

Note 10. Units on issue

	2023	2022	2023	2022
	Units	Units	\$	\$
Units on issue at year end	<u>4,084,582</u>	<u>3,924,502</u>	<u>4,055,841</u>	<u>3,828,773</u>

Movements in unit capital

	Date	No. of units	Price	\$
Balance	1 Jul 2021	3,841,658		3,706,955
Issue of new units	16 Aug 2021	40,000	\$1.50	59,989
Issue of new units from DRP	29 Sep 2021	2,487	\$1.49	3,708
Issue of new units from DRP	6 Apr 2022	46,594	\$1.43	66,624
Redemption	21 Jun 2022	<u>(6,237)</u>	\$1.36	<u>(8,503)</u>
Balance	30 Jun 2022	3,924,502		3,828,773
Issue of new units from DRP	31 Oct 2022	57,713	\$1.39	80,223
Issue of new units	8 Nov 2022	35,971	\$1.39	49,989
Issue of new units	18 Nov 2022	35,211	\$1.42	49,989
Redemption	23 Mar 2023	(12,397)	\$1.48	(18,381)
Issue of new units	14 Apr 2023	10,067	\$1.49	14,989
Issue of new units from DRP	28 Apr 2023	23,515	\$1.50	35,270
Issue of new units	13 Jun 2023	<u>10,000</u>	\$1.50	<u>14,989</u>
Balance		<u>4,084,582</u>		<u>4,055,841</u>

Units

The beneficial interest in the Scheme is divided into units. Each unit represents an undivided part of the beneficial interest in the Scheme. The units are redeemable at the option of the unitholder.

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 11. Equity - Reserves

	2023	2022
	\$	\$
Fair value of equity investments revaluation reserve	1,659,937	1,123,786
Fair value of equity investments realised gains reserve	689,447	509,595
	<u>2,349,384</u>	<u>1,633,381</u>

Movements in reserves

	Revaluation reserve	Realised gains reserve	Total reserves
	\$	\$	\$
Balance at 01 July 2021	1,629,824	299,236	1,929,060
Revaluation - gross	(506,038)	-	(506,038)
Realised gains	-	210,359	210,359
	<u>1,123,786</u>	<u>509,595</u>	<u>1,633,381</u>
Balance at 30 June 2022	1,123,786	509,595	1,633,381
Revaluation - gross	536,151	-	536,151
Realised gains	-	179,852	179,852
	<u>1,659,937</u>	<u>689,447</u>	<u>2,349,384</u>

Fair value on equity investments revaluation reserve

The reserve is used to recognise unrealised increments and decrements in the fair value of equity investment financial assets.

Fair value of equity investments realised gains reserve

The reserve is used to recognise realised gains and losses on the disposal of fair value equity investment financial assets.

Note 12. Equity - retained profits/(accumulated losses)

	Note	2023	2022
		\$	\$
(Accumulated losses)/retained profits at the beginning of the financial year		(178,193)	2,128
Profit for the year		108,373	47,880
Distributions paid	13	(202,850)	(228,201)
		<u>(272,670)</u>	<u>(178,193)</u>

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 13. Equity - distributions

Distributions

Final distribution

	2023	2022
	\$	\$
Final distribution paid or payable	<u>134,662</u>	<u>120,399</u>
Year ended	30/06/2023	30/06/2022
Cents per unit	3.30 ¢	3.07 ¢
Date paid or proposed	30/10/2023	12/10/2022

Interim distribution

Interim distribution paid	<u>43,572</u>	<u>121,811</u>
Half-year ended	31/12/2022	31/12/2021
Cents per unit	1.07 ¢	3.14 ¢
Date paid or proposed	28/04/2023	6/04/2022

Under/(over) provision for previous financial year	24,616	(14,009)
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Total distributions paid or payable	<u><u>202,850</u></u>	<u><u>228,201</u></u>
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Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 14. Financial instruments

Financial risk management objectives

The Scheme's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Scheme.

Market risk

Foreign currency risk

The Scheme invests in Internationally listed shares and managed funds. The values of these holdings are converted from foreign currency to domestic currency at balance date, and as such the Scheme is exposed to foreign currency risk through foreign exchange rate fluctuations. Under certain conditions the trust uses exchange traded options and foreign currency denominated currency accounts to hedge against adverse exchange rate movements.

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the Scheme's functional currency.

Changes in Value

Market risk is the risk that the fair value or future cash flows of financial instruments will change due to changes in the market value for those instruments. Therefore, the portfolio of investments that make up most of the assets of the Scheme are subject to market risk as their values change as the market changes.

The overall increase in the value of the investments held at 30th June 2023 over their cost, after allowing for selling costs was \$1,659.9 thousand (2022: \$1,123.8 thousand - increase). A fall in the market values across the portfolio of 5% and 10% would reduce equity in the Scheme by approximately \$266.7 thousand (2022: \$234.5 thousand) and \$533.4 thousand (2022: \$469.1 thousand) respectively.

Market risk cannot be diversified away, but it can be reduced by investing across a broad range of industry sectors and countries. The proportions of the portfolios invested across these two categories are shown in the Directors' Report.

Price risk

The Scheme is not exposed to any significant price risk.

Interest rate risk

The Scheme is exposed to interest rate risk on its cash holdings, which are generally subject to floating interest rates. The effective weighted average interest rate that applied to cash balances over the financial year was 1.02% (2022: 0.18%).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme minimises credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Liquidity risk

Vigilant liquidity risk management requires the Scheme to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Scheme manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 15. Fair value measurements

The Scheme measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through other comprehensive income.

The Scheme does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The scheme selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

The scheme's financial assets that are measured using a Level 2 valuation comprise unlisted unit trusts. The unit prices used in determining the fair value of the scheme's investment in those trusts is determined based on the fair value of the underlying assets in the trusts that are entirely held in listed securities. The scheme does not have any financial assets at fair value measured at Level 3.

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 15. Fair value measurements (continued)

The following tables provide the fair values of the scheme's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	30 June 2023			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	8	3,847,554	-	-	3,847,554
units in unlisted trusts	8	-	1,420,193	-	1,420,193
Total financial assets recognised at fair value on a recurring basis		<u>3,847,554</u>	<u>1,420,193</u>	<u>-</u>	<u>5,267,747</u>

	Note	30 June 2022			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements					
<i>Financial assets</i>					
Available-for-sale financial assets:					
shares in listed companies	8	3,136,533	-	-	3,136,533
units in unlisted trusts	8	-	1,495,498	-	1,495,498
Total financial assets recognised at fair value on a recurring basis		<u>3,136,533</u>	<u>1,495,498</u>	<u>-</u>	<u>4,632,031</u>

b. **Valuation Techniques and Inputs Used to Measure Level 2 Fair Values**

Description	Valuation Technique(s)	Inputs Used	Fair Value at 30 June 2023 \$
<i>Financial assets</i>			
Shares in unlisted unit trusts	Market approach using unit prices determined by underlying fair value of listed assets	Fair value of trust's listed investments	<u>1,420,193</u>

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 16. Distributions to Scheme unit holders

Under the Scheme Trust Deed, 'income' is defined as the net income of the Trust determined by the Trustee in accordance with generally accepted accounting principles or, if no determination is made, it means 'net income' of the Trust under section 95(1) of the Tax Act.

In accordance with the Trust Deed, the Trustee has, in some prior years, elected to pay distributions to unit holders based on taxable income rather than accounting profit. That is, in some years the distribution payable to unit holders for a financial year may be greater than or less than the accounting net profit for the year. Where a payout is based on taxable income, and it is greater than accounting income, this can result in accumulated losses being carried forward in equity.

Note 17. Commitments and contingent liabilities

There are no outstanding commitments for expenditure and Directors of the Responsible Entity are not aware of any contingent liabilities that are likely to have a material effect on the results of the entity as disclosed in these financial statements.

Note 18. Events after the reporting period

On 29 August 2023, Burrell World Equities Trust has successfully raised capital through a non-renounceable rights issue, on the basis of one New Unit for every twenty existing units at \$1.49 each. As a result, 204,232 New Units were issued on 30th August 2023 and raised a capital of \$304,306.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Scheme's operations, the results of those operations, or the Scheme's state of affairs in future financial years.

Note 19. Reconciliation of profit after income tax to cash from operating activities

	2023	2022
	\$	\$
Profit after income tax expense for the year	108,373	47,880
Adjustments for:		
Net gain on foreign exchange	(34,113)	(31,015)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(32,748)	13,490
Increase/(decrease) in other operating liabilities	-	(5,440)
Net cash from operating activities	<u>41,512</u>	<u>24,915</u>

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 20. Earnings per unit

	2023	2022
	\$	\$
Profit after income tax expense for the year attributable to the owners of the Burrell World Equities Trust	<u>108,373</u>	<u>47,880</u>
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>3,820,481</u>	<u>3,889,071</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>3,820,481</u>	<u>3,889,071</u>
	Cents	Cents
Basic earnings per unit	2.84 ¢	1.23 ¢
Diluted earnings per unit	2.84 ¢	1.23 ¢

Note 21. Related Parties - Directors' unit holdings

Directors

The names of each person holding the position of director of Burrell Securities Limited during the financial year and their unit holdings were:

	2023	2022
Units held by Directors of the Responsible Entity		
Mr C T Burrell	226,429	218,996
Mr C T Burrell (non-beneficial owner)	40,571	4,940
Mr R J Burrell	106,269	102,781
Mr G J Vickery	39,618	39,618
Mr S Pritchard	<u>8,536</u>	<u>8,475</u>
Total Directors' holdings of units	<u>421,423</u>	<u>374,810</u>

Burrell World Equities Trust
Notes to the financial statements
30 June 2023

Note 22. Related Parties - Directors' transactions

Transactions of Directors and Director-related entities concerning units and options

The aggregate number of units of Burrell World Equities Trust acquired or disposed of by the Directors of the Responsible Entity or their Director-related entities during the year:

	2023	2022
Acquisitions of units, including units issued under a Distribution Reinvestment Plan, rights issue or unit top-up plan	<u>46,613</u>	<u>9,625</u>
Total Directors' transactions in units	<u><u>46,613</u></u>	<u><u>9,625</u></u>

Transactions relating to distributions, rights issues and subscriptions for new units were on the same terms and conditions that applied to other unit holders.

Other transactions with Directors and Director-related entities

Mr C T Burrell, Mr G J Vickery, and Mr R J Burrell are Directors of Burrell Stockbroking Pty Ltd. This company provides stockbroking and secretarial, portfolio administration and management services to the Scheme. There was \$15,740 (2022: \$21,808) brokerage paid by the Scheme to Burrell Stockbroking Pty Ltd during the year, and the amount of \$77,363 (2022: \$78,312) was paid in respect of the other services. Mr C T Burrell, Mr G J Vickery, and Mr R J Burrell are Directors of Burrell & Co Holdings Pty Ltd. This scheme provides clearing and settlement services to the Scheme. There were no fees or charges paid by the Scheme to Burrell & Co Holdings Pty Ltd during the year.

Burrell World Equities Trust
Trustee's Declaration

In the opinion of the Directors of the Trustee Company:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in Note 2 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, Burrell Securities Ltd



Gregory J Vickery
Director

Brisbane
6 September 2023

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF BURRELL WORLD EQUITIES TRUST

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Burrell World Equities Trust ("the Trust"), which comprises the statement of financial position as at 30 June 2023, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Trustee's declaration.

In our opinion the financial report of Burrell World Equities Trust, is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

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 (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.

Trustee' Responsibilities for the Financial Report

The Trustee is 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 Trustee determines 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 Note 2, the Trustee also states, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Trustee either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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



PKF BRISBANE AUDIT



TIMOTHY CRONIN
PARTNER

BRISBANE
6 SEPTEMBER 2023

Burrell Smallcaps Midcaps and Resources Trust
ABN 86 684 312 625

Financial Statements - 30 June 2023

Burrell Smallcaps Midcaps and Resources Trust
Corporate Directory
30 June 2023

Responsible entity	Burrell Securities Limited
Directors	Roger J Burrell Christopher T Burrell Gregory J Vickery Steven S Pritchard
Company secretary	Ian F Davey Saskia R Jo
Registered office	Level 4, 24 Little Edward Street Spring Hill QLD 4000 Phone: 61 7 3006 7200 Fax: 61 7 3839 6964
Principal place of business	Level 4, 24 Little Edward Street Spring Hill QLD 4000
Unit register	Burrell Securities Ltd Level 4, 24 Little Edward Street Spring Hill QLD 4000 Telephone: 61 7 3006 7200 Facsimile: 61 7 3839 6964
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Website	http://www.burrell.com.au

Burrell Smallcap Midcaps and Resources Trust
Directors' Report
30 June 2023

The directors of Burrell Securities Limited, the Responsible Entity of the Burrell Smallcaps Midcaps and Resources Trust, ('BSMaRT' or 'the Scheme') (ARSN 600 185 500), present their annual report, together with the financial statements of the Burrell Smallcaps Midcaps and Resources Trust for the financial ended 30 June 2023.

The Scheme

The Scheme was registered on 2 July 2014 and a Product Disclosure Statement was issued on 30 September 2022 to raise funds from retail investors.

Responsible Entity

Burrell Securities Limited (ABN 92 083 535 031)(the 'Responsible Entity') is an unlisted public company incorporated under the Corporations Act 2001 and holds an Australian Financial Services License, No. 381 667.

Directors

The following persons were directors of Burrell Securities Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Roger J Burrell
Christopher T Burrell
Gregory J Vickery
Steven S Pritchard

Company Secretary

Ian F Davey
Saskia R Jo

Service Providers

The service providers during or since the end of the year are:

Service Type	Service
Responsible Entity	Burrell Securities Limited
Custodian	Burrell & Co Holdings Pty Ltd
Investment Manager	Burrell Stockbroking Pty Ltd
Auditor	PKF Brisbane Audit

Principal Activities

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme is to invest unit holder's funds in domestic companies, trusts, managed funds, exchange traded indexes and exchange traded funds, which have sufficient smallcap, midcap or resource exposure.

There has been no significant change in the type of investing activities of the Scheme during the financial year.

The primary objective of the Scheme is to provide returns to unit holders from distributions and capital growth.

The Scheme did not have any employees during the year.

Capital Raising

During the financial year ended 30 June 2023, the Trust raised a capital of \$134,980 through Rights Issue at \$0.90 each New Unit on the basis of one New Unit for every twenty units held.

Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023

Distributions

Distributions paid or provided for during the financial year were as follows:

Final distribution

	2023	2022
	\$	\$
Final distribution paid or payable	43,208	-
Year ended	30/06/2023	30/06/2022
Cents per unit	1.33 c	.00 c
Date paid or provided for	30/10/2023	n/a

Interim distribution

	2023	2022
	\$	\$
Interim distribution paid	57,841	58,237
Half-year ended	31/12/2022	31/12/2021
Cents per unit	1.84 c	2.08 c
Date paid or provided for	28/04/2023	6/04/2022

Results

The results of the operations of the Scheme are disclosed in the Statement of profit or loss and other comprehensive income.

	2023	2022
Profit attributable to the unit holders for the financial year	75,064	39,852

Review of operations

The ASX Small Ordinaries Index rose a modest 5.30% in financial year 2022-23 as smaller resource companies struggled to find investor support outside of the battery mineral and lithium space. Gold sector consolidation activity increased with the possibility for further M & A in the space going forward. China's sluggish economic recovery post- COVID has also caused further negative sentiment in the resources sector overall. Within the small-cap sector however, there are companies which traded at cheaper valuations that have strong balance sheets and pricing power that pay solid fully franked dividends.

Performance Outcomes

Net Return

The net return to unitholders for the financial year ended 30 June 2023 was 8.85% (2022: -2.26%). This 'net return' is not directly comparable to publicly reported unit price or accumulation indices because it is after costs have been deducted for managing and administering the portfolio and the Scheme.

Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023

Gross Returns

For comparative purposes we benchmark the investment portfolio against the S&P/ASX Small Ords Accumulation Index.

The performances of the investment portfolio for the financial year ended 30 June 2023 and the comparative prior period are as follows:

	30-Jun-23	30-Jun-22
	%	%
Burrell Smallcaps Midcaps and Resources Trust	12.2	(2.9)
S&P/ASX Small Ords Accumulation Index	8.5	(19.5)

The Scheme's investments by industry sector were:

	30-Jun-23	30-Jun-22
	%	%
Materials	22.4	17.6
Financials	19.4	18.1
Consumer discretionary	14.8	16.9
Energy	9.1	13.5
Consumer staples	8.7	14.6
Industrials	8.5	4.9
Information technology, Utilities & Telecomms	7.0	6.0
Real estate	4.9	2.9
Health care	2.9	2.5
Cash & cash equivalents	1.4	2.0
Managed funds and LICS	0.9	1.0

Securities representing 5% or more of the investments in the portfolio as at 30 June 2023 were:

	30-Jun-23	30-Jun-22
	% of portfolio	% of portfolio
Santos Limited	-	5.4

Management costs

The Scheme's Indirect Cost Ratio (ICR) is as follows:

	30-Jun-23	30-Jun-22
Ratio of indirect costs to total average net assets	<u>1.6%</u>	<u>1.7%</u>

The ICR for the Scheme is the ratio of the Scheme's management costs, that are not deducted directly from the investor's account, to the Scheme's total average net assets.

Net Asset Value per Unit

The Scheme administrator calculates the net asset value of the Scheme's units on each Friday as at the close of business on the previous day.

	30-Jun-23	30-Jun-22
Ex distribution net asset value per unit for the Scheme	<u>\$0.85</u>	<u>\$0.81</u>

The net asset value per unit is determined by the value of the assets of the Scheme, (adjusted for estimated transaction costs), less its liabilities, divided by the number of units on issue.

**Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023**

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Scheme during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Scheme's operations, the results of those operations, or the Scheme's state of affairs in future financial years.

Options granted

No options were:

- i. Granted over unissued units in the Scheme during the year or since the end of the financial year; or
- ii. Granted to the Responsible Entity.

No unissued units in the Scheme were under option as at the date on which this report was made.

No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.

Likely developments and expected results of operations

There is no information on the likely developments in the operations of the Scheme and the expected results of operations that have not been included in this report.

Environmental regulation

The Scheme is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on the directors of the Responsible Entity

Name:	Roger J Burrell
Title:	Director
Qualifications:	B. Com, L.L.B., F Fin, F.A.I.C.D., Dip Fin, Dip FMBM.
Experience and expertise:	Roger has been a Director since 1987. He is also Principal of his own legal firm and Legal Consultant to QM Properties Group. Roger is a former Partner at national law firm Clayton Utz (1987 – 2000) and former Partner (2000 – 2006) and Consultant (2006 – 2011) at Phillips Fox (subsequently DLA Piper/ DLA Phillips Fox).
Other current directorships:	Burrell Stockbroking Pty Ltd and related entities
Former directorships (in the last 3 years):	Multiple Sclerosis Society of Queensland
Interests in units:	77,142 beneficially held Fully Paid units.
Interests in options:	None.

Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023

Name: **Christopher T Burrell**

Title: Director

Qualifications: M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.

Experience and expertise: Chris has been a Director since 1998. He was the Company's Chairman from 1983 to 2002. He has held the position of Managing Director of Burrell Stockbroking Pty Ltd since 1997. He was a Partner at Coopers and Lybrand, Chartered Accountants, for 15 years; a previous Director of Queensland electricity retailer, Ergon; a former member of the Industrial Research & Development Committee within the Commonwealth Department of Industry, Science and Resources; and a former State Councillor for the Securities Institute of Australia.

Other current directorships: Burrell Stockbroking Pty Ltd and related entities, and The Donald and Joan Wilson Foundation

Former directorships (in the last 3 years): None.

Interests in units: 346,946 beneficially and 362,323 non-beneficially held Fully Paid units.

Interests in options: None.

Name: **Gregory J Vickery**

Title: Director

Qualifications: AO, F.A.I.C.D

Experience and expertise: Greg has been a Director since 2020. He is a Senior Consultant at Norton Rose Fulbright, a global law firm, and was previously a Partner of the same firm for 40 years. He is a company and resources lawyer with a special interest and experience in corporate governance. He was for 10 years on the influential Federal Government Body CAMAC, which advised Treasury on the regulation of Companies and Markets.

Other current directorships: Burrell Stockbroking Pty Ltd and related entities; Blue Economy CRC Ltd

Former directorships (in the last 3 years): None.

Interests in units: 12,207 Fully Paid units, beneficially held.

Interests in options: None.

Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023

Name:	Steven S Pritchard
Title:	Director
Qualifications:	Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia, Previously a member of the Stock Exchange of Newcastle Limited.
Experience and expertise:	Steven has many years of experience in providing strategic and financial advice to a broad range of clients in the financial services industry.
Other current directorships:	Lansdowne Investment Company Pty Ltd (since 1 April 2022), Illuminator Investment Company Limited (since 22 December 2003) Florin Mining Investment Company Limited (since 29 September 2004), Pritchard Equity Limited (since 10 May 2002) and Winpar Holdings Limited (since 4 July 2004).
Former directorships (in the last 3 years):	None.
Interests in units:	None.
Interests in options:	None.

Company Secretary

Ian Davey (BBus, CPA) has been a Company Secretary of the Company since 2002 and is also a Director of Burrell & Co Holdings Pty Ltd and Burrell Stockbroking Pty Ltd. Prior to joining the Company, he was the Financial Controller of James Engineering Pty Ltd (1985 – 2000).

Saskia Jo (BCom, CPA, GIA) joined Burrell Stockbroking Pty Ltd in November 2021. Prior to joining the Company, she was a Company Secretary for Factor Therapeutics Limited and has over 15 years experience as a commercial accountant.

Meetings of directors

The number of meetings of the Responsible entity's Board of Directors held during the year ended 30 June 2023, and the number of meetings attended by each director was:

	Full Board	
	Held	Attended
Roger J Burrell	4	3
Christopher T Burrell	4	4
Gregory J Vickery	4	4
Steven S Pritchard	4	3

Held: represents the number of meetings held during the time the director held office.

**Burrell Smallcap Midcaps and Resources Trust
Directors' Report (continued)
30 June 2023**

Indemnity and insurance of officers

The Responsible Entity has indemnified the directors, secretary and executives of the Responsible Entity for costs incurred, in their capacity as a director, secretary or executive, for which they may be held personally liable, except where there is lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Responsible Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Responsible Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Responsible Entity has not paid a premium in respect of a contract to insure the auditor of the Responsible Entity or any related party.

Proceedings of behalf of the Responsible Entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Responsible Entity, or to intervene in any proceedings to the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Responsible Entity who are former audit partners of PKF Brisbane Audit

There are no officers of the Responsible Entity who are former audit partners of PKF Brisbane Audit.

Auditor's independence declaration

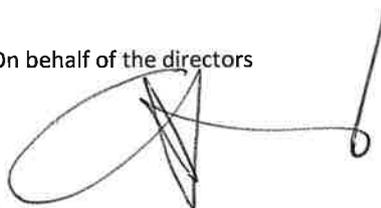
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Auditor

PKF Brisbane Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298 (2) (a) of the Corporations Act 2001.

On behalf of the directors



Gregory J Vickery

Director

6 September 2023

Brisbane

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BURRELLS SECURITIES LIMITED AS THE RESPONSIBILITY ENTITY
OF BURRELL SMALLCAPS MIDCAPS AND RESOURCES TRUST

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



PKF BRISBANE AUDIT



Timothy Cronin
PARTNER

Brisbane
6 September 2023

Burrell Smallcaps Midcaps and Resources Trust
Financial report
30 June 2023

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General information

The financial report covers Burrell Smallcaps Midcaps and Resources Trust as an individual entity. The financial report is presented in Australian dollars, which is Burrell Smallcaps Midcaps and Resources Trust's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Burrell Smallcaps Midcaps and Resources Trust is a managed investment scheme, registered and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 24 Little Edward Street
Brisbane QLD 4000

A description of the nature of the Scheme's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of the directors of the Responsible entity, on 6 September 2023. The directors have the power to amend and reissue the financial report.

Burrell Smallcaps Midcaps and Resources Trust
Statement of profit or loss and other comprehensive income
For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	4	117,082	79,035
Expenses			
Accounting and audit fees		(2,167)	(1,969)
Legal expenses		(2,790)	(2,570)
Managed portfolio service fees		(21,643)	(19,976)
Secretarial expenses		(15,388)	(14,668)
Other expenses		(30)	-
Total expenses		<u>(42,018)</u>	<u>(39,183)</u>
Profit attributable to unit holders	11	<u>75,064</u>	<u>39,852</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Unrealised changes in the value of equity investments at fair value		71,226	(147,130)
Realised net fair value gain on equity investments at fair value		<u>50,960</u>	<u>47,675</u>
Other comprehensive income for the financial year, net of tax		<u>122,186</u>	<u>(99,455)</u>
Total comprehensive income for the financial year attributable to the owners of Burrell Smallcaps Midcaps and Resources Trust		<u><u>197,250</u></u>	<u><u>(59,603)</u></u>
		Cents	Cents
Basic earnings per unit	19	2.46 ¢	1.41 ¢
Diluted earnings per unit	19	2.46 ¢	1.41 ¢

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Burrell Smallcaps Midcaps and Resources Trust
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	20,538	42,251
Trade and other receivables	6	6,028	7,302
Total current assets		<u>26,566</u>	<u>49,553</u>
Non-current assets			
Financial assets	7	2,770,122	2,303,406
Total non-current assets		<u>2,770,122</u>	<u>2,303,406</u>
Total assets		<u>2,796,688</u>	<u>2,352,959</u>
Liabilities			
Current liabilities			
Trade and other payables	8	43,208	-
Total current liabilities		<u>43,208</u>	<u>-</u>
Total liabilities		<u>43,208</u>	<u>-</u>
Net assets attributable to unitholders		<u>2,753,480</u>	<u>2,352,959</u>
Represented by:			
Units on issue	9	3,001,527	2,697,207
Reserves	10	(147,804)	(269,990)
Accumulated losses	11	(100,243)	(74,258)
		<u>2,753,480</u>	<u>2,352,959</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Burrell Smallcaps Midcaps and Resources Trust
Statement of changes in equity
30 June 2023

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2021		2,609,386	(170,535)	(55,873)	2,382,978
Profit for the financial year		-	-	39,852	39,852
Other comprehensive income for the financial year		-	(99,455)	-	(99,455)
Total comprehensive income for the financial year		-	(99,455)	39,852	(59,603)
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	9	118,548	-	-	118,548
Redemptions of units	9	(30,727)	-	-	(30,727)
Distributions paid or payable	12	-	-	(58,237)	(58,237)
Balance at 30 June 2022		<u>2,697,207</u>	<u>(269,990)</u>	<u>(74,258)</u>	<u>2,352,959</u>

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2022		2,697,207	(269,990)	(74,258)	2,352,959
Profit for the financial year		-	-	75,064	75,064
Other comprehensive income for the financial year		-	122,186	-	122,186
Total comprehensive income for the financial year		-	122,186	75,064	197,250
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	9	329,072	-	-	329,072
Redemptions of units	9	(24,752)	-	-	(24,752)
Distributions paid or payable	12	-	-	(101,049)	(101,049)
Balance at 30 June 2023		<u>3,001,527</u>	<u>(147,804)</u>	<u>(100,243)</u>	<u>2,753,480</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Burrell Smallcaps Midcaps and Resources Trust
Statement of cash flows
For the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Dividends received		100,708	53,544
Interest received		3,602	404
Trust distributions received		11,077	16,350
Payments to suppliers (inclusive of GST)		<u>(42,019)</u>	<u>(41,343)</u>
Net cash from operating activities	18	<u>73,368</u>	<u>28,955</u>
Cash flows from investing activities			
Proceeds from sale of financial securities		692,681	1,147,545
Payments for financial securities		<u>(1,034,241)</u>	<u>(1,387,954)</u>
Net cash used in investing activities		<u>(341,560)</u>	<u>(240,409)</u>
Cash flows from financing activities			
Proceeds from the issue of units to unitholders	9	329,072	118,549
Payments for redemption of units	9	(24,753)	(30,728)
Distributions paid to unitholders		<u>(57,840)</u>	<u>(58,237)</u>
Net cash from financing activities		<u>246,479</u>	<u>29,584</u>
Net decrease in cash and cash equivalents		(21,713)	(181,870)
Cash and cash equivalents at the beginning of the financial year		<u>42,251</u>	<u>224,121</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>20,538</u></u>	<u><u>42,251</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 1. General information

The Burrell Smallcaps Midcaps and Resources Trust (the Scheme) is a registered managed investment scheme domiciled in Australia. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Scheme is disclosed in the directors' report.

The Responsible Entity, Burrell Securities Limited (ABN 92 083 535 031), is an unlisted public company incorporated under the Corporations Act 2001, and holds and Australian Financial Services License.

The Scheme was registered on 2 July 2014 and issued a product Disclosure Statement on 30 September 2022 in order to raise funds from retail investors.

The Financial Statements were authorised for issue on 6 September 2023 by the Directors of the Responsible Entity.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The scheme has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the scheme.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the scheme is expected to be entitled in exchange for transferring goods or services to a customer.

Revenue from interest is recognised as it is received. Revenue from passive dividends and trust income is recognised when it is declared and is due and receivable.

Revenue from the sale of investments is recognised from the date of contract, and is the difference between the sale price, less selling costs, and the purchase price, or if revalued, the revalued amount.

Note 2. Significant accounting policies (continued)

Income tax

Under current income tax legislation, the Scheme is not liable to pay income tax as the net income of the Scheme is assessable in the hands of the beneficiaries (the unit holders) who are 'presently entitled' to the income of the Scheme. There is no income to which the unit holders are not presently entitled.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their relative tax bases, including taxes on capital gains which arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains are added to taxable income that is assessable in the hands of the unit holders as noted above.

Realised capital losses are not distributable to unit holders but are retained within the Scheme to be offset against any future realised capital gains. The benefit of carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of the unit holders in that period as is distributed to unit holders in accordance with the requirements of the Scheme Constitution.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The scheme has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Other receivables are recognised at amortised cost, less any provision for impairment.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the scheme has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 2. Significant accounting policies (continued)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the scheme intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The scheme recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the scheme's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the scheme has a present (legal or constructive) obligation as a result of a past event, it is probable the scheme will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Units are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per unit

Basic earnings per unit

Basic earnings per unit is calculated by dividing the profit attributable to the owners of the Scheme, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the scheme's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the scheme's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

Unitholders' Funds

Units issued by the Scheme are redeemable at the option of the unitholder ("puttable") at any time after two months for the issue date. As the units satisfy all of the criteria for recognition as puttable financial instruments under paras 16A and 16B of AASB 132: *Financial Instruments: Presentation*, unitholders' funds are classified as equity. Units are measured at their issue price.

Applications and redemptions of units

Applications received for units are recorded net of any entry fees payable prior to the issue of the units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Scheme's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Scheme's Product Disclosure Statement and the Scheme's Constitution. Refer to Note 9 for further discussion of the features of the units.

New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the scheme for the annual reporting period ended 30 June 2023. The scheme's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the scheme, are set out below.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The scheme is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 4. Revenue

	2023	2022
	\$	\$
Dividends	102,716	58,055
Interest	3,602	2,491
Trust income	<u>10,764</u>	<u>18,489</u>
Revenue	<u><u>117,082</u></u>	<u><u>79,035</u></u>

Note 5. Current assets - cash and cash equivalents

	2023	2022
	\$	\$
Cash and cash equivalents	<u>20,538</u>	<u>42,251</u>

Note 6. Current assets - trade and other receivables

	2023	2022
	\$	\$
Accrued income	<u>6,028</u>	<u>7,302</u>

Note 7. Non-current assets - financial assets

	2023	2022
	\$	\$
Equity investments at fair value	<u>2,770,122</u>	<u>2,303,406</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous period are set out below:

Opening fair value	2,303,406	2,158,749
Additions	1,037,224	1,391,657
Disposals	(641,734)	(1,099,870)
Revaluation increments/(decrements)	<u>71,226</u>	<u>(147,130)</u>
Closing fair value	<u><u>2,770,122</u></u>	<u><u>2,303,406</u></u>

Refer to Note 13 for further information on financial instruments.

Note 8. Current liabilities - trade and other payables

	2023	2022
	\$	\$
Distribution payable	<u>43,208</u>	<u>-</u>

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 9. Units on issue

		2023	2022	2023	2022
		Units	Units	\$	\$
Units on issue at year end		<u>3,247,393</u>	<u>2,909,346</u>	<u>3,001,527</u>	<u>2,697,207</u>
<i>Movements in unit capital</i>					
	Date	No. of units		Price	\$
Balance	30 Jun 2021	2,815,860			2,609,386
Redemption of units	15 Sep 2021	(34,483)		\$0.87	(29,845)
Issue of new units	23 Dec 2021	22,988		\$0.87	19,988
Issue of new units	9 Mar 2022	54,945		\$0.91	49,989
Issue of new units under DRP	6 Apr 2022	51,127		\$0.95	48,571
Redemption of units	21 Jun 2022	<u>(1,091)</u>		\$0.81	<u>(882)</u>
Balance	30 Jun 2022	2,909,346			2,697,207
Redemption of units	4 Aug 2022	(14,081)		\$0.86	(12,054)
Issue of new units	28 Oct 2022	10,989		\$0.91	9,989
Issue of new units	9 Nov 2022	22,472		\$0.89	19,989
Issue of new units	14 Nov 2022	16,483		\$0.91	14,989
Issue of new units	18 Nov 2022	54,348		\$0.92	49,989
Issue of new units under Rights Issue	21 Dec 2022	149,978		\$0.90	134,980
Redemption of units	20 Jan 2023	(14,019)		\$0.91	(12,698)
Issue of new units	14 Apr 2023	22,222		\$0.90	19,989
Issue of new units from DRP	28 Apr 2023	54,635		\$0.90	49,170
Issue of new units	13 Jun 2023	23,255		\$0.86	19,988
Issue of new units	23 Jun 2023	<u>11,765</u>		\$0.85	<u>9,989</u>
Balance	30 Jun 2023	<u>3,247,393</u>			<u>3,001,527</u>

Units

The beneficial interest in the Scheme is divided into units. Each unit represents an undivided part of the beneficial interest in the Scheme. The units are redeemable at the option of the unitholder.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 10. Equity - Reserves

	2023	2022
	\$	\$
Fair value of equity investments revaluation reserve	(231,149)	(302,375)
Fair value of equity investments realised gains reserve	83,345	32,385
	<u>(147,804)</u>	<u>(269,990)</u>

Movements in reserves

	Revaluation reserve	Realised gains (losses) reserve	Total reserves
	\$	\$	\$
Balance at 01 July 2021	(155,245)	(15,290)	(170,535)
Revaluation - gross	(147,130)	-	(147,130)
Realised gains and losses	-	47,675	47,675
	<u>(302,375)</u>	<u>32,385</u>	<u>(269,990)</u>
Balance at 30 June 2022	(302,375)	32,385	(269,990)
Revaluation - gross	71,226	-	71,226
Realised gains and losses	-	50,960	50,960
	<u>(231,149)</u>	<u>83,345</u>	<u>(147,804)</u>

Fair value on equity investments revaluation reserve

The reserve is used to recognise unrealised increments and decrements in the fair value of equity investment financial assets

Fair value of equity investments realised gains (losses) reserve

The reserve is used to recognise realised gains and losses on the disposal of fair value equity investment financial assets.

Note 11. Equity - accumulated losses

	Note	2023	2022
		\$	\$
Accumulated losses at the beginning of the financial year		(74,258)	(55,873)
Profit for the year		75,064	39,852
Distributions paid	12	(101,049)	(58,237)
		<u>(100,243)</u>	<u>(74,258)</u>

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 12. Equity - distributions

Distributions

Final distribution

	2023	2022
	\$	\$
Final distribution paid or payable	<u>43,208</u>	<u>-</u>
Year ended	30/06/2023	30/06/2022
Cents per unit	1.33 ¢	.00 ¢
Date paid or proposed	30/10/2023	n/a

Interim distribution

	2023	2022
	\$	\$
Interim distribution paid	<u>57,841</u>	<u>58,237</u>
Half-year ended	31/12/2022	31/12/2021
Cents per share	1.84 ¢	2.08 ¢
Date paid	28/04/2023	6/04/2022

Total distributions paid or payable

	<u>101,049</u>	<u>58,237</u>
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Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 13. Financial instruments

Financial risk management objectives

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Scheme.

Market risk

Changes in Value

Market risk is the risk that the fair value or future cash flows of financial instruments will change due to changes in the market value for those instruments. Therefore, the portfolio of investments that make up most of the assets of the Scheme are subject to market risk as their values change as the market changes.

The overall decrease in the value of the investments held at 30th June 2023 over their cost, after allowing for selling costs was \$231 thousand (2022: \$348 thousand - decrease). A fall in the market values across the portfolio of 5% and 10% would reduce equity in the Scheme by approximately \$140 thousand (2022: \$116 thousand) and \$280 thousand (2022: \$233 thousand) respectively.

Market risk cannot be diversified away, but it can be reduced by investing across a broad range of industry sectors and countries. The proportions of the portfolios invested across these two categories are shown in the Directors' Report.

Price risk

The Scheme is not exposed to any significant price risk.

Interest rate risk

The Scheme is exposed to interest rate risk on its cash holdings, which are generally subject to floating interest rates. The effective weighted average interest rate that applied to cash balances over the financial year was 11.47% (2022: 1.87%).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme minimises credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Liquidity risk

Vigilant liquidity risk management requires the Scheme to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Scheme manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 14. Fair value measurements

The Scheme measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through other comprehensive income.

The Scheme does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The scheme selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

The scheme's financial assets that are measured using a Level 2 valuation comprise unlisted unit trusts. The unit prices used in determining the fair value of the scheme's investment in those trusts is determined based on the fair value of the underlying assets in the trusts that are entirely held in listed securities. The scheme does not have any financial assets at fair value measured at Level 3.

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 14. Fair value measurements (continued)

The following tables provide the fair values of the scheme's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2023			
Note	Level 1	Level 2	Level 3	Total	
	\$	\$	\$	\$	
Recurring fair value measurements					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	7	2,641,020	-	-	
units in unlisted entities	7	-	129,102	-	
Total financial assets recognised at fair value on a recurring basis		<u>2,641,020</u>	<u>129,102</u>	<u>-</u>	
		<u>2,641,020</u>	<u>129,102</u>	<u>2,770,122</u>	
		30 June 2022			
Note	Level 1	Level 2	Level 3	Total	
	\$	\$	\$	\$	
Recurring fair value measurements					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	7	2,177,859	-	-	
units in unlisted entities	7	-	125,547	-	
Total financial assets recognised at fair value on a recurring basis		<u>2,177,859</u>	<u>125,547</u>	<u>-</u>	
		<u>2,177,859</u>	<u>125,547</u>	<u>2,303,406</u>	

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Valuation Technique(s)	Inputs Used	Fair Value at 30 June 2023
			\$
<i>Financial assets</i>			
Shares in unlisted entities	Market approach using unit prices determined by underlying fair value of listed assets	Fair value of trust's listed investments	<u>129,102</u>

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 15. Distributions to Scheme unit holders

Under the Scheme Trust Deed, 'income' is defined as the net income of the Trust determined by the Trustee in accordance with generally accepted accounting principles or, if no determination is made, it means 'net income' of the Trust under section 95(1) of the Tax Act.

In accordance with the Trust Deed, the Trustee has, in some prior years, elected to pay distributions to unit holders based on taxable income rather than accounting profit. That is, in some years the distribution payable to unit holders for a financial year may be greater than or less than the accounting net profit for the year. Where a payout is based on taxable income, and it is greater than accounting income, this can result in accumulated losses being carried forward in equity.

Note 16. Commitments and contingent liabilities

There are no outstanding commitments for expenditure and Directors of the Responsible Entity are not aware of any contingent liabilities that are likely to have a material effect on the results of the entity as disclosed in these financial statements.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Scheme's operations, the results of those operations, or the Scheme's state of affairs in future financial years.

Note 18. Reconciliation of profit after income tax to cash from operating activities

	2023	2022
	\$	\$
Profit after income tax expense for the year	75,064	39,852
Adjustments for:		
Non-cash dividends and interest received	(2,969)	(3,703)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,273	(5,034)
Increase/(decrease) in trade and other payables	-	(2,160)
Net cash from operating activities	<u>73,368</u>	<u>28,955</u>

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 19. Earnings per unit

	2023	2022
	\$	\$
Profit after income tax attributable to the owners of Burrell Smallcaps Midcaps and Resources Trust	<u>75,064</u>	<u>39,852</u>
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>3,049,711</u>	<u>2,817,215</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>3,049,711</u>	<u>2,817,215</u>
	Cents	Cents
Basic earnings per unit	2.46 ¢	1.41 ¢
Diluted earnings per unit	2.46 ¢	1.41 ¢

Note 20. Related Parties - Directors' unit holdings

Directors

The names of each person holding the position of director of Burrell Securities Limited during the financial year and their unit holdings were:

	2023	2022
	No of Units	No of Units
Units held by Directors of the Responsible Entity		
Mr C T Burrell	346,946	323,817
Mr C T Burrell (non-beneficial owner)	362,323	283,821
Mr R J Burrell	77,142	71,999
Mr G J Vickery	12,207	12,207
Mr S S Pritchard	<u>-</u>	<u>-</u>
Total Directors' holdings of units	<u>798,618</u>	<u>691,844</u>

Burrell Smallcaps Midcaps and Resources Trust
Notes to the financial statements
30 June 2023

Note 21. Related Parties - Directors' transactions

Transactions of Directors and Director-related entities concerning units and options

The aggregate number of units of Burrell Smallcaps Midcaps and Resources Trust acquired or disposed of by the Directors of the Responsible Entity or their Director-related entities during the year:

	2023	2022
	No of Units	No of Units
Acquisitions of units, including units issued under a Distribution Reinvestment Plan, rights issue or unit top-up plan	<u>106,774</u>	<u>90,205</u>
Total Directors' transactions in units	<u><u>106,774</u></u>	<u><u>90,205</u></u>

Transactions relating to distributions, rights issues and subscriptions for new units were on the same terms and conditions that applied to other unit holders.

Other transactions with Directors and Director-related entities

Mr C T Burrell, Mr G J Vickery and Mr R J Burrell are Directors of Burrell Stockbroking Pty Ltd. This company provides stockbroking and secretarial, portfolio administration and management services to the Scheme. There was \$17,926 (2022: \$24,197) brokerage paid by the Scheme to Burrell Stockbroking Pty Ltd during the year, and the amount of \$39,199 (2022: \$36,113) was paid in respect of the other services. Mr C T Burrell, Mr G J Vickery and Mr R J Burrell are Directors of Burrell & Co Holdings Pty Ltd. This company provides clearing and settlement services to the Scheme. There were no fees or charges paid by the Scheme to Burrell & Co Holdings Pty Ltd during the year.

Burrell Smallcaps Midcaps and Resources Trust
Trustee's declaration

In the opinion of the Directors of the Trustee Company:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in note 2 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Scheme's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, Burrell Securities Ltd



Gregory J Vickery
Director

Brisbane
6 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BURRELL SMALLCAPS MIDCAPS AND RESOURCES TRUST

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Burrell Smallcaps Midcaps and Resources Trust ("the Trust"), which comprises the statement of financial position as at 30 June 2023, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Trustee's declaration.

In our opinion the financial report of Burrell Smallcaps Midcaps and Resources Trust, 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 2023 and of its financial performance for the year then ended; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 (*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.

Trustee' Responsibilities for the Financial Report

The Trustee is 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 Trustee determines 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 Note 2, the Trustee also states, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Trustee either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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



PKF BRISBANE AUDIT



TIMOTHY CRONIN
PARTNER

BRISBANE
6 SEPTEMBER 2023



CLARENCE
PROPERTY



CLARENCE PROPERTY DIVERSIFIED FUND ARSN 095 611 804

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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MANAGER & RESPONSIBLE ENTITY

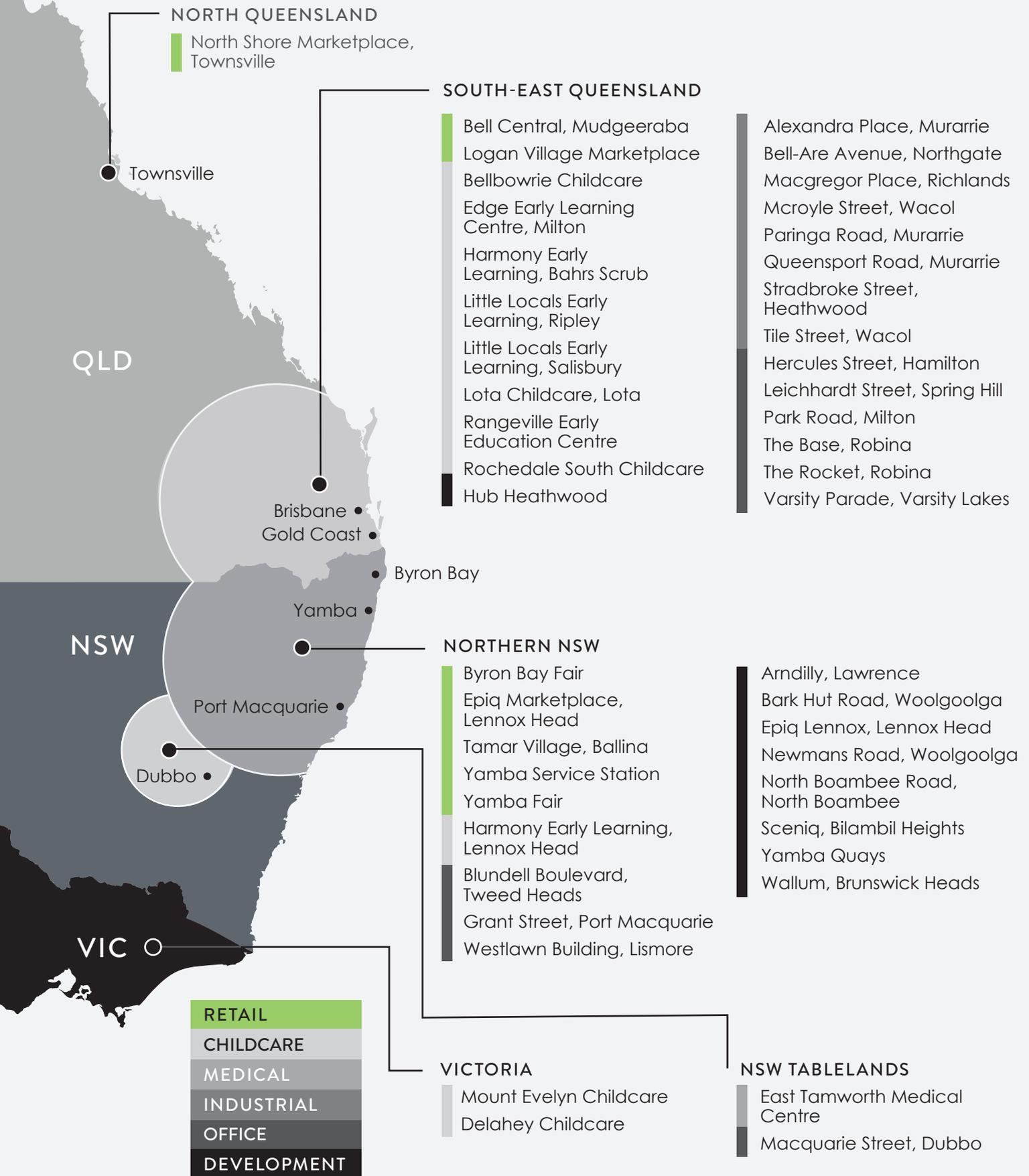
Clarence Property Corporation Limited
PO BOX 1478, Ballina NSW 2478
ACN 094 710 942 | AFSL 230212

Clarence Property Corporation Limited as responsible entity for Clarence Property Diversified Fund ARSN 095 611 804 and
Epiq Lennox Property Trust ARSN 626 201 974.

CLARENCEPROPERTY.COM.AU

1300 853 069

CLARENCE PROPERTY DIVERSIFIED FUND (CPDF) PORTFOLIO MAP



**Map not to scale*

KEY HIGHLIGHTS

OPERATIONAL OUTCOMES



INVESTMENT PROPERTY DISPOSALS

\$100^M Gross sale proceeds from sale of three investment properties (representing a 20% premium to 30/6/22 book value)

NEW CAPITAL RAISED

\$25.3^M

Including \$2m of Distribution Reinvestment (currently 16% of unit holders are reinvesting)



RESIDENTIAL DEVELOPMENT PIPELINE

769^{LOTS} Estimated gross realisation value. Increase of 212 Lots and \$38m since 30/6/22

\$465^M



SOLAR METRICS

18^{SOLAR} **2.77^{MW}**
SYSTEMS

Increase of 4 properties fitted with rooftop solar systems. Increase in generating capacity of 250 kW since 30/6/22

BALANCE SHEET METRICS

GEARING

 **36%**

INTEREST COVER

 **5.1^{TIMES}**

CASH & UNUSED FINANCE FACILITIES

\$39^M **\$63^M**
CASH UNDRAWN
 FACILITIES

TOTAL ASSETS

 **\$771^{MILLION}**

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DIRECTORY

Responsible Entity and Manager

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Auditor for the Group

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Level 6, 10 Eagle Street
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Auditor for the Manager

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Level 6, 10 Eagle Street
Brisbane QLD 4000

The directors of Clarence Property Corporation Limited ("Responsible Entity"), the responsible entity of Clarence Property Diversified Fund ("CPDF") and Epiq Lennox Property Trust ("ELPT"), present their report together with the consolidated financial statements for the year ended 30 June 2023 (the "Period") for both:

- i) the Clarence Property Diversified Group ("Group") consisting of Clarence Property Diversified Fund, Epiq Lennox Property Trust and their controlled entities; and
- ii) Clarence Property Diversified Fund.

The units in CPDF and the units in ELPT are combined and issued as stapled securities in the Group. The units in either trust cannot be traded separately and can only be traded together as stapled securities.

1 Directors and officers

i) Directors

The following were directors of the Responsible Entity during the Period and up to the date of this report, unless otherwise stated:

James Dougherty OAM Chairman of Directors (Non- Executive)

James is a licensed real estate agent and chartered accountant with wide ranging experience in the property, accounting and finance industries. He holds a Bachelor of Economics and a Diploma of Financial Management, both from the University of New England, and also holds a Certificate IV in Financial Services (Finance/Mortgage Broking). He was awarded the Order of Australia Medal in 2014 for services to the community and surf lifesaving. James has been a director of Westlawn Finance Limited since 1994 and has been chairman of directors of Clarence Property Corporation Limited since 2000.

Peter Fahey Managing Director (Executive)

Peter has been involved in the property industry for more than 35 years. He has a wide range of property experience, in both capital cities and regional areas, including sales, leasing, management, valuation, financing and development. Peter has been involved in funds management since 1994 and was the founder of Clarence Property and Clarence Property Diversified Fund, and subsequently numerous other syndicates. He holds a Bachelor of Business (Retail Property Valuation and Administration).

Darrell Irwin Director (Executive)

Darrell has over 30 years experience in advising, consulting, developing and selling in the commercial property arena including the office, industrial, retail and residential sectors as well as having a long term involvement in masterplanned communities. He has significant experience in marketing properties both domestically and internationally. Darrell has held leadership roles with development companies and is a former National Director and Director in Charge of the Gold Coast office of Colliers International, specialising in major commercial property transactions and large-scale development properties.

Tony Tippett Director (Non-Executive)

Tony has been actively involved in the property industry for more than 30 years, from project conception, feasibility, financing, marketing, to sales and delivery of a range of residential, commercial and retail projects up to \$350 million. He is a director of the Robina Group of Companies, an associate member of the Institute of Chartered Accountants Australia and New Zealand, a fellow of the Governance Institute of Australia, a member of the Australian Institute of Company Directors, a licenced Real Estate Agent and holds a Bachelor of Economics from the University of New England.

1 Directors and officers (continued)

i) Directors (continued)

Andrew Carlton Director (Non-Executive)

Andrew is a licensed real estate agent and is a Senior Director at CBRE Brisbane. He commenced his real estate career with CBRE in 1999 and has also held senior roles at Knight Frank. Across his career, Andrew's primary focus has been in the office sector, and he has been involved in numerous key leasing and development campaigns across the Near City markets. Andrew is well respected in the commercial property industry and has built a strong network of industry relationships across all aspects of the real estate and the wider Brisbane business community. He holds a Bachelor of Applied Science, Property Economics from Queensland University of Technology, and has completed a Graduate Diploma of Applied Finance and Investment from Securities Institute of Australia.

ii) Company Secretary

Paul Rippon

Paul has over 40 years' experience in public accounting, finance and property. He holds a Bachelor of Business (Accounting & Business Law) from the New South Wales Institute of Technology and is a member of the Institute of Chartered Accountants Australia and New Zealand. Paul has been involved with the Clarence Property group since 2007, and during that time has been responsible for the day-to-day operations of the Group, its funding arrangements and management of numerous property transactions and land developments in New South Wales and Queensland. Paul sits on the Responsible Entity's compliance committee.

iii) Directors meetings

Twelve directors meetings were held in the period 1 July 2022 to 30 June 2023 and attendances were:

James Dougherty	12
Peter Fahey	11
Darrell Irwin	11
Tony Tippett	11
Andrew Carlton	12

2 Principal activity

The principal activity of the Group during the Period was to invest in commercial rental properties and residential and commercial land development properties, with the aim of providing regular property income to its investors, while at the same time preserving and enhancing the capital value of the portfolio. There was no significant change in the nature of this activity during this Period, other than as stated in these statements.

3 Operating and financial review

The following is a summary of key outcomes during the Period:

i) Operating results

The profit of the Group after income tax for the Period amounted to \$42,592,579 (2022: \$57,560,189). After taking account of distribution of income for the period of \$27,808,950 and brought forward undistributed income, the total undistributed income carried forward to future periods is \$82,871,760.

Net property income (property revenue less property expenses and outgoings) for the Period was \$26,446,068, being a 3% decrease on the corresponding period last year. This is primarily as a result of disposals during the Period.

Net profit from the sale of inventory (i.e. development land) for the Period equated to \$19,157,067, being a 125% increase on the corresponding period last year. This is predominantly due to the sale of Epiq Superlot 5 during the Period.

3 Operating and financial review (continued)

i) Operating results (continued)

Financing costs for the Period totalled to \$10,775,391, being a 96% increase on the corresponding period last year. This is due to the increase in the variable borrowing rate influenced by the significant lift in the cash rate by the RBA.

The results for the Period were also positively influenced by the profit on sale of three investment properties (Ormeau Marketplace, Zone Underwood & 146 Canberra Street, Hemmant), totalling \$15,303,938. Sales prices reflected an 8%, 53% and 5% premium respectively to the valuations as at 30 June 2022.

The impact on operations due to economic uncertainties following COVID-19 was relatively minor. The operating results reflect the strength, diversity and resilient nature of the Group's properties and tenants.

ii) Investment property portfolio

As at 30 June 2023 the Group had a diversified portfolio of 40 investment properties with a total value of \$521,087,350 (decrease of 8% from June 2022, due to property disposals - see c) below), spread across the retail, commercial office, warehousing/logistics, childcare, medical & rural asset sectors. Of these properties, eight are still under construction through fund-through arrangements with developers and one is a vacant parcel of land pending future development.

a) Leasing and occupancy

Since 1 July 2022, the Group has completed 31,144m² of leasing across 65 separate transactions representing approximately 23% of the portfolio by area. Of these transactions, 37 were lease renewals or extensions representing a retention rate of 75%.

At 30 June 2023, the Group's investment properties had a weighted average lease expiry of 4.3 years (June 2022: 4.8 years) and an occupancy rate of 91% (June 2022: 95%).

b) Acquisitions

On 16 November 2022 the Group acquired two parcels of land at 53A and 53B South Street, Rangeville QLD for \$1,195,000 upon which a childcare centre is being constructed. The acquisition was funded from cash reserves.

On 23 January 2023 the Group acquired two parcels of land at 54 and 56 Clegg Road, Mount Evelyn VIC for \$1,755,000 upon which a childcare centre is being constructed. The acquisition was funded from cash reserves.

On 8 March 2023 the Group acquired a parcel of land at 217 Kangaroo Gully Road, Bellbowrie QLD for \$820,000 upon which a childcare centre is being constructed. The acquisition was funded from cash reserves.

On 15 March 2023 the Group acquired a parcel of land at 215 Whites Road, Lota QLD for \$1,250,000 upon which a childcare centre is being constructed. The acquisition was funded from cash reserves.

c) Disposals

On 19 September 2022 the Group completed the sale of Ormeau Marketplace. The sale price of \$34,000,000 reflected an 8% premium to the property's valuation of \$31,500,000 as at 30 June 2022. Proceeds were used to reduce the ING finance facility by \$16,750,000, with the balance held in cash.

Settlement of the sale of Zone Underwood was expected to occur in late September 2022, however in late August part of the property was severely impacted by fire. After working closely with the Group's insurers and the purchaser a way forward was found with settlement occurring on 21 December 2022. The sale price of \$56,000,000 reflected a 53% premium to the property's valuation of \$36,500,000 as at 30 June 2022. Proceeds have been held in cash pending redeployment into future property acquisitions.

3 Operating and financial review (continued)

ii) Investment property portfolio (continued)

c) Disposals (continued)

As part of the final Zone Underwood settlement agreement with the purchaser, the Group has assumed an obligation to rebuild the impacted building and has provided a rental guarantee to the purchaser to cover lost rent while the building is being reinstated. Our insurers have accepted our claim and will cover the cost of the rebuild. Further we have accepted a payout from our insurers for lost rent, which is expected to offset the majority of any claims from the purchaser under the rental guarantee provided.

On 19 April 2023, the Group completed the sale of 146 Canberra Street, Hemmant. The sale price of \$8,800,000 reflected a 5% premium to the property's valuation of \$8,400,000 as at 30 June 2022. Proceeds have been held in cash pending redeployment into future property acquisitions.

d) Valuations

During the Period sixteen investment properties (40% of the portfolio) were independently revalued, resulting in a 9% increase in their valuations:

Property description	Valuation date	Previous valuation \$	New valuation \$	Change since last valuation \$
<u>Commercial office</u>				
183 Varsity Parade, Varsity Lakes	Aug-22	12,250,000	12,750,000	500,000
9 Hercules Street, Hamilton	Aug-22	10,200,000	12,000,000	1,800,000
188 Macquarie Street, Dubbo	Aug-22	10,700,000	11,300,000	600,000
65 Park Road, Milton	Aug-22	5,950,000	5,950,000	-
27-29 Grant Street, Port Macquarie	Oct-22	16,000,000	15,700,000	(300,000)
<u>Retail</u>				
Byron Bay Fair	Sep-22	14,000,000	15,500,000	1,500,000
Bell Central, Mudgeeraba	Sep-22	16,500,000	17,600,000	1,100,000
<u>Childcare & Medical</u>				
East Tamworth Medical Centre	Sep-22	14,500,000	15,600,000	1,100,000
Milton Childcare	Sep-22	8,435,000	9,450,000	1,015,000
Bahrs Scrub Childcare	Sep-22	5,600,000	6,800,000	1,200,000
Epiq Childcare, Lennox Head	Jan-23	3,925,000	4,750,000	825,000
<u>Logistics/Distribution/Industrial/Other</u>				
48 Bell-Are Avenue, Northgate	Aug-22	11,600,000	12,400,000	800,000
42 Mcroyle Street, Wacol	Sep-22	7,850,000	10,000,000	2,150,000
81 Stradbroke Street, Heathwood	Sep-22	7,400,000	9,400,000	2,000,000
31 Paringa Rd, Murarrie	Aug-22	18,200,000	20,200,000	2,000,000
96 Tile Street, Wacol	Oct-22	7,300,000	7,300,000	-
		170,410,000	186,700,000	16,290,000

3 Operating and financial review (continued)

ii) Investment property portfolio (continued)

d) Valuations (continued)

Additionally, as part of the directors' review of property valuations as at 30 June 2023, six property valuations were reduced from their last independent valuation as follows:

Property description	Sector	Independent valuation \$	Directors valuation \$	Movement in valuation \$
183 Varsity Parade, Varsity Lakes	Commercial office	12,750,000	11,350,000	(1,400,000)
201 Leichhardt Street, Spring Hill	Commercial office	14,800,000	12,600,000	(2,200,000)
9 Hercules Street, Hamilton	Commercial office	12,000,000	11,450,000	(550,000)
188 Macquarie Street, Dubbo	Commercial office	11,300,000	9,900,000	(1,400,000)
65 Park Road, Milton	Commercial office	5,950,000	4,325,000	(1,625,000)
Logan Village Marketplace	Retail	17,250,000	14,600,000	(2,650,000)
		74,050,000	64,225,000	(9,825,000)

As a result of the above valuation changes, together with acquisitions and disposals during the Period, the weighted average capitalisation rate for the portfolio softened to 6.4% as at 30 June 2023 (June 2022: 6.3%).

The property market is dynamic and property values may rise or fall from time to time. The Group has no capacity to influence the market, but we are continually looking to enhance the value of our properties. Any change in property values affects the Group's net tangible asset backing and also the Group's financial covenants.

e) Sustainability

Sustainability is a key focus of the Group when managing its properties and assessing acquisition opportunities. This includes consideration of the property's energy efficiency, water efficiency and solar power generating capability.

All the Group's commercial office buildings have achieved NABERS Energy Ratings, with two properties receiving a 6 star rating and a further four properties achieving 5.5 star ratings, resulting in 67% of the Group's commercial office properties being rated as excellent or market leading.

Sixteen (40%) of the Group's investment properties have on-site solar power with the capacity to generate in excess of 2.03MW, enhancing efficiency and reducing reliance on the grid. Additionally the Group has leases at a further two properties where it has installed solar panels with generating capacity of over 744kW.

iii) Inventory & property development

The Group now has a residential land development pipeline of 769 lots (June 2022: 557 lots) with a forecast gross realisation value of \$465m (June 2022: \$427m) across 7 projects. Additionally, the Group owns a 24 lot industrial land subdivision with a forecast gross realisation of \$87m.

Across the Group, we have development properties at all stages of their life-cycle - in planning, with local Councils or the NSW Dept. of Planning for approval, under construction and selling. It is fair to say the "heat" has gone out of development activities over the last year, with a blowout in Council approval timeframes (largely flood and resource related), rising construction costs and a noticeable slowdown in the rate of sale. That said, we are continuing to see evidence of signs of improvement, and anticipate some "normality" returning to the land development sector during the next 12 months.

3 Operating and financial review (continued)

iii) Inventory & property development (continued)

During the Period the Group acquired:

290-290a North Boambee Rd, North Boambee Valley NSW

In July 2022 the Group settled the purchase of a 55ha residential subdivision site at 290 North Boambee Road, Boambee NSW for \$10,500,000. The purchase was funded from cash reserves.

Bark Hut Road, Woolgoolga NSW

In October 2022 the Group settled the purchase of a 16.4ha residential subdivision site on Bark Hut Road, Woolgoolga NSW for \$14,500,000. The purchase was funded from cash reserves.

In January 2023 the Group settled the purchase of a 3.7ha residential subdivision site at 36 Bark Hut Road, Woolgoolga NSW, adjacent to the Group's existing Bark Hut Road development. The purchase price was \$5,050,000 with \$2,000,000 of this being deferred for 4 years. The initial \$3,000,000 was funded from cash reserves.

A summary of each development is as follows:

"Epiq" Lennox

- i) The Pocket - The civil works programme to create 14 residential lots finished in January 2023 with subdivision certificate and titles issued in April 2023. The sale of 11 lots were settled during the Period. Two of the remaining lots settled in July and the last lot is expected to settle in September 2023.
- ii) Super Lot 5 - The 4.2ha site has been sold to the NSW Department of Education as the future site of the new Lennox Head Primary School. The sale settled on 29 June 2023.
- iii) Super Lot 7 - The civil works programme to create 33 residential lots, 26 live/work lots and 2 commercial lots was completed in December 2022 with subdivision certificate and titles issued in April 2023. Sale of 9 of the 33 residential lots settled during the period with an additional 8 settled up to the date of this report. 2 lots are under unconditional sale contract with the remaining 14 residential lots being marketed for sale. Design and planning for the live/work and commercial lots is continuing.

Yamba Quays

- i) Stage 2 - The sale of the four remaining lots in this stage settled during the Period. The stage is now complete.
- ii) Stage 3 - The civil works programme is complete with subdivision certificate issued in July 2023. Titles were issued in August 2023 with settlements to follow. 7 of the 11 lots are under conditional sale contracts, with sale details agreed on a further 2 lots. The final 2 lots are being marketed for sale.
- iii) Stages 4 & 5 - A construction certificate application for Stage 4 has been lodged with Clarence Valley Council for the civil works. The civil works programme is anticipated to commence in late 2023. Stage 5 design work is continuing.

"Sceniq" Bilambil Heights

- i) An unconditional sale of the englobo site has been agreed for \$16,500,000 (inc. GST) and is scheduled to settle on 31 January 2024.

"Wallum" Brunswick Heads

- i) A development application for 127 lots was approved by Byron Shire Council in May 2023. A construction certificate application has been lodged to commence civil works. It is anticipated early works will commence in late 2023 and construction of the first stage will commence in early/mid 2024. A marketing and sales campaign was launched in December 2022 with eighteen lots now under unconditional contracts of sale, with a further one having sale details agreed. Additional lots will be gradually released and marketed closer to construction commencing.

Newmans Road, Woolgoolga

- i) Planning activity has continued. During the Period Coffs Harbour City Council adopted its development contributions plan (DCP), which allowed a development application to be lodged in April 2023.

"Hub" Heathwood

- i) The civil works program commenced in July 2022 and is expected to complete in October 2023. Sales and marketing activity continues with the lots being gradually released to the market for sale. Seven of the twenty four lots are under unconditional contracts of sale for gross proceeds of \$21.1m. Additionally, three lots are in due diligence. Further lots have been taken to the market under an expression of interest campaign.

3 Operating and financial review (continued)

iv) Finance facilities and capital management

As at 30 June 2023 the Group had drawn borrowings of \$277,329,553 (June 2022: \$273,429,772) with a weighted average post-hedging interest cost of 4.97% (June 2022 3.49%) and net gearing of 32.5% (June 2022: 36.8%). Cash and cash equivalents increased by \$29.8m during the period to \$39.2m, reflecting the proceeds from sale of investment and development properties being held in cash at 30 June 2023.

The Group has in place interest rate derivatives totalling \$169,800,000 representing 61% of drawn borrowings. \$129,800,000 was active as at 30 June 2023, with the remainder being forward-start positions coming into effect during the next 12 months.

The Group has borrowings which are exposed to interest rate movements, and rising interest costs will negatively impact net profit. The Directors believe Group gearing is such that foreseeable increases in interest costs can reasonably be managed.

During the Period the Group continued to draw on the \$45,000,000 finance facility with Bank of Queensland, to fund the development costs associated with some of its development projects.

As part of the sale of Ormeau Marketplace in September 2022 the Group repaid \$16,750,000 from its finance facility with ING. The facility limit is now \$8,000,000.

In September 2022 the Group extended its existing \$19,800,000 finance facility with BOQ for a further 3 years to September 2025, and in May 2023 extended its existing \$14,850,000 finance facility with CBA to now expire in May 2027.

In December 2022 the Group drew an additional \$15,000,000 from the existing \$50,000,000 finance facility with ANZ by providing Grant Street, Port Macquarie and Tile Street, Wacol as security to the CTD security pool.

The Group continues to comply with all its financial covenants in relation to each of its finance facilities.

v) Capital raising

Since re-opening of the PDS in April 2022 and to the date of this report, 23,138,946 units have been issued.

During the Period a total of 18,861,467 units were issued at an average \$1.10 per unit, resulting in new issued capital of \$20,747,614.

Pursuant to the Distribution Reinvestment Plan, 4,235,893 units were issued at an average \$1.07 per unit during the Period, representing a unitholder participation rate of 16.2%.

vi) Outlook

While the world is now learning to live with COVID-19, new challenges are presenting themselves which may impact the Group's future operations. Global geo-political instability has caused impacts to supply chains, whilst economies have rebounded faster and sharper than most central banks anticipated following COVID-19. This has led to inflation, which in turn has led to central banks tightening monetary policy. These uncertain economic conditions may, in particular, lead to a period of continuing subdued residential land sales.

It is also possible new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including impacts of COVID-19) may evolve in ways not currently foreseeable.

The Group aims to mitigate the potential impacts of fluctuating economic conditions by seeking to maintain a strong and conservative balance sheet and financial position. The Group's net gearing at Period end was 32.5%, it had cash and cash equivalents of \$39m and additionally \$63m of undrawn finance facilities.

4 Significant changes in the state of affairs of the Group

In the opinion of the Directors there were no significant changes in the state of affairs of the Group during the Period, other than those stated in these statements.

5 Matters arising since the period end

Since the Period end, economic uncertainty has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements. The Group has continued to re-evaluate the potential impacts on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 1 July 2023 units totalling 492,822 were issued in relation to funds received during June 2023 pursuant to the PDS and the DRP Plan, and is shown as a current liability in the financial statements.

No matter or circumstance, other than as mentioned above, has arisen since the end of the Period that has significantly affected or may significantly affect:

- i) the operations of the Group;
- ii) the results of those operations; or
- iii) the state of affairs of the Group in subsequent financial years.

6 Likely developments in the operations of the Group

The Group will continue with a similar level of activity for the year ending 30 June 2024 as in the past. The Responsible Entity will continue to ensure the long term growth of the Group by identifying profitable long term property opportunities in Australia, and will continue to carefully manage and develop existing properties.

7 Environmental issues

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth, State or Territory. The Group is, however, party to a Conservation Zone Management Plan relating to its "Epiq Lennox" development.

8 Distributions to unitholders

During the Period unitholders received or were entitled to receive cash distributions of \$27,808,950 (2022: \$24,306,914). The average annualised rate of cash distributions for the Period was 6.2 cents per unit (2022: 6.0 cents per unit).

9 Options on units

There are no options over any units in the Group.

10 Responsible Entity fees

Fees paid to the Responsible Entity in accordance with the Constitutions of the Group during the Period are disclosed in Note 26 on Page 39 of the financial statements.

11 Indemnifying officers or auditor

During or since the end of the Period the Responsible Entity has not given an indemnity or entered an agreement to indemnify any officer or auditor in respect of the operations of the Group.

The Responsible Entity pays premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

12 Interests in the Group

The details of interests (i.e. issued units) in the Group for the Period were:

i) Units as at 1 July 2022	433,282,172
Units issued during the period	23,097,360
Units redeemed during the period	-
Units as at 30 June 2023	<u>456,379,532</u>

Details of units held by related parties are disclosed in Note 26 on page 38 of the financial statements.

- ii) The value of the Group's total assets at 30 June 2023 was \$771,693,969.
Assets were valued at cost or fair value.

13 Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the Period.

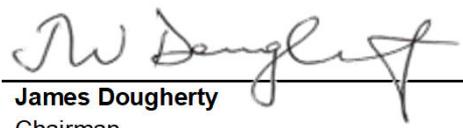
14 Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 11.

Signed in accordance with a resolution of the Board of Directors:



Peter Fahey
Managing Director



James Dougherty
Chairman

Dated 7th day of September 2023

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CLARENCE PROPERTY GROUP

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

BRISBANE, 7 SEPTEMBER 2023

	Note	Consolidated Group		CPDF	
		30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Revenue and other income					
Interest revenue		777,508	16,258	717,265	13,594
Property revenue		42,889,052	41,738,838	30,051,798	26,854,556
Sale of inventories		34,764,226	19,521,930	-	-
Profit on disposal of assets		15,303,938	-	14,128,567	-
Other income	2	38,491	1,372,985	6,107,826	4,025,987
Fair value gain from investment property	13	1,856,056	26,003,167	406,858	13,264,033
Fair value adjustments to financial assets		-	(1,040,190)	-	(1,040,190)
Fair value gain on derivative financial instruments		738,367	8,126,678	628,544	8,126,678
Total revenue		96,367,638	95,739,666	52,040,858	51,244,658
Expenses					
Financing costs	3	(10,775,391)	(5,507,302)	(7,385,279)	(3,862,620)
Property expenses and outgoings		(16,442,984)	(14,336,421)	(9,437,644)	(8,752,073)
Bad and doubtful debts expense		(221,293)	(1,282)	(119,463)	-
Inventory sales costs		(5,260,518)	(2,394,040)	-	(4,879)
Cost of inventories sold		(10,346,641)	(8,618,241)	-	-
Fund management fees	26	(5,933,851)	(4,559,693)	(4,503,521)	(3,714,480)
Other expenses		(1,071,387)	(1,304,420)	(736,791)	(925,263)
Total expenses		(50,052,065)	(36,721,399)	(22,182,698)	(17,259,315)
Net profit before income tax		46,315,573	59,018,267	29,858,160	33,985,343
Income tax (expense)/benefit	5	(3,722,994)	(1,458,078)	-	-
Profit after income tax attributable to unitholders		42,592,579	57,560,189	29,858,160	33,985,343
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to unitholders		42,592,579	57,560,189	29,858,160	33,985,343

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated Group		CPDF	
		30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
ASSETS					
Current assets					
Cash and cash equivalents	6	39,265,543	9,464,513	38,437,436	6,220,389
Trade and other receivables	7	11,271,830	1,815,522	10,267,038	741,590
Inventory	9	48,232,801	6,817,920	-	-
Prepaid income tax		693,696	639,191	-	-
Other assets	12	2,110,235	2,389,165	821,351	838,793
Total current assets		<u>101,574,105</u>	<u>21,126,311</u>	<u>49,525,825</u>	<u>7,800,772</u>
Non-current assets					
Trade and other receivables	7	-	-	298,893,628	274,373,571
Financial assets	8	-	-	10,163,620	10,163,620
Inventory	9	133,044,844	126,367,993	629,014	629,014
Deferred tax assets	10	1,537,829	1,508,711	-	-
Property, plant and equipment	11	2,320,118	1,813,232	-	-
Investment property	13	521,087,350	566,408,691	341,555,000	374,880,000
Derivative financial instruments	19	11,978,432	9,241,145	11,513,338	9,241,145
Other assets	12	151,291	374,006	151,291	374,006
Total non-current assets		<u>670,119,864</u>	<u>705,713,778</u>	<u>662,905,891</u>	<u>669,661,356</u>
Total assets		<u>771,693,969</u>	<u>726,840,089</u>	<u>712,431,716</u>	<u>677,462,128</u>
LIABILITIES					
Current liabilities					
Trade and other payables	14	8,542,704	6,133,914	4,584,359	3,665,691
Income tax	15	-	20,609	-	-
Other liabilities	16	4,451,250	8,083,964	3,468,790	6,932,276
Financial liabilities	18	19,824,853	-	-	-
Total current liabilities		<u>32,818,807</u>	<u>14,238,487</u>	<u>8,053,149</u>	<u>10,597,967</u>
Non-current liabilities					
Other liabilities	16	2,000,000	-	-	-
Deferred tax liabilities	17	770,078	635,094	-	-
Financial liabilities	18	257,504,700	273,429,772	237,504,500	239,429,671
Total non-current liabilities		<u>260,274,778</u>	<u>274,064,866</u>	<u>237,504,500</u>	<u>239,429,671</u>
Total liabilities		<u>293,093,585</u>	<u>288,303,353</u>	<u>245,557,649</u>	<u>250,027,638</u>
Net assets		<u>478,600,384</u>	<u>438,536,736</u>	<u>466,874,067</u>	<u>427,434,490</u>
EQUITY					
Unitholders' equity					
Issued capital		395,728,624	370,448,605	395,728,624	370,448,605
Undistributed income		82,871,760	68,088,131	71,145,443	56,985,885
Total unitholders' equity		<u>478,600,384</u>	<u>438,536,736</u>	<u>466,874,067</u>	<u>427,434,490</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Consolidated Group				
Balance at 1 July 2022	433,282,172	370,448,605	68,088,131	438,536,736
Total comprehensive income attributable to unitholders	-	-	42,592,579	42,592,579
	<u>433,282,172</u>	<u>370,448,605</u>	<u>110,680,710</u>	<u>481,129,315</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(27,808,950)	(27,808,950)
Units issued	23,097,360	25,280,019	-	25,280,019
Units redeemed	-	-	-	-
Balance at 30 June 2023	<u><u>456,379,532</u></u>	<u><u>395,728,624</u></u>	<u><u>82,871,760</u></u>	<u><u>478,600,384</u></u>

	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Consolidated Group				
Balance at 1 July 2021	353,668,719	310,040,656	15,375,856	325,416,512
Total comprehensive income attributable to unitholders	-	-	57,560,189	57,560,189
	<u>353,668,719</u>	<u>310,040,656</u>	<u>72,936,045</u>	<u>382,976,701</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	(19,459,000)	(4,847,914)	(24,306,914)
Units issued	79,613,453	79,866,949	-	79,866,949
Units redeemed	-	-	-	-
Balance at 30 June 2022	<u><u>433,282,172</u></u>	<u><u>370,448,605</u></u>	<u><u>68,088,131</u></u>	<u><u>438,536,736</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Clarence Property Diversified Fund	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Balance at 1 July 2022	433,282,172	370,448,605	56,985,885	427,434,490
Total comprehensive income attributable to unitholders	-	-	29,858,160	29,858,160
	<u>433,282,172</u>	<u>370,448,605</u>	<u>86,844,045</u>	<u>457,292,650</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	-	(15,698,602)	(15,698,602)
Units issued	23,097,360	25,280,019	-	25,280,019
Units redeemed	-	-	-	-
Balance at 30 June 2023	<u>456,379,532</u>	<u>395,728,624</u>	<u>71,145,443</u>	<u>466,874,067</u>

Clarence Property Diversified Fund	No. of units on issue	Issued capital \$	Undistributed income \$	Total \$
Balance at 1 July 2021	353,668,719	310,040,656	23,000,542	333,041,198
Total comprehensive income attributable to unitholders	-	-	33,985,343	33,985,343
	<u>353,668,719</u>	<u>310,040,656</u>	<u>56,985,885</u>	<u>367,026,541</u>
Transactions with unitholders recorded directly in equity:				
Distributions paid/payable	-	(19,459,000)	-	(19,459,000)
Units issued	79,613,453	79,866,949	-	79,866,949
Units redeemed	-	-	-	-
Balance at 30 June 2022	<u>433,282,172</u>	<u>370,448,605</u>	<u>56,985,885</u>	<u>427,434,490</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated Group		CPDF	
		30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities					
Receipts from operations (including GST)		42,609,522	47,892,163	23,899,768	30,499,170
Interest received		777,508	16,258	717,265	13,594
Trust distributions received		1,657	1,232,625	6,107,826	3,899,284
Proceeds from sale of inventories		34,764,226	19,521,930	-	-
Payment for derivative financial instruments		(1,998,920)	(189,777)	(1,643,649)	(189,777)
Other receipts		36,834	140,360	-	126,703
Payment to suppliers		(35,588,347)	(33,265,564)	(16,594,590)	(14,527,590)
Payment for inventory		(57,108,424)	(93,208,906)	-	-
Goods & services tax received (paid)		683,558	6,274,313	(493,003)	(669,487)
Borrowing costs paid		(10,533,000)	(5,542,327)	(7,142,889)	(3,897,646)
Income taxes received (paid)		(3,692,242)	(2,332,384)	-	-
Net cash provided by (used in) operating activities	24	(30,047,628)	(59,461,309)	4,850,728	15,254,251
Cash flows from investing activities					
Net loans repaid (advanced)		-	-	(24,520,058)	(80,190,331)
Proceeds from sale of investment property		93,126,770	-	52,051,397	-
Payment for investment property		(30,590,323)	(103,967,138)	(4,363,193)	(72,175,299)
Payment for property, plant and equipment		(600,565)	(1,341,159)	-	-
Payment for (proceeds from) investments in trusts		-	-	-	(800)
Net cash provided by (used in) investing activities		61,935,882	(105,308,297)	23,168,146	(152,366,430)
Cash flows from financing activities					
Proceeds from issue of units		21,248,159	74,899,873	21,248,159	74,899,873
Proceeds from borrowings		59,988,364	106,993,080	43,386,020	72,992,979
Repayment of borrowings		(56,088,583)	(26,391,060)	(45,311,191)	(26,391,060)
Distributions paid		(27,235,164)	(23,872,756)	(15,124,815)	(19,024,844)
Net cash provided by (used in) financing activities		(2,087,224)	131,629,137	4,198,173	102,476,948
Net increase (decrease) in cash held		29,801,030	(33,140,469)	32,217,047	(34,635,231)
Cash at beginning of financial year		9,464,513	42,604,982	6,220,389	40,855,620
Cash at the end of the financial year	6, 24	39,265,543	9,464,513	38,437,436	6,220,389

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The Clarence Property Diversified Group ("Group") represents the combination or stapling of Clarence Property Diversified Fund ("CPDF") and Epiq Lennox Property Trust ("ELPT") and the entities they controlled at the end of, or during, the year ended 30 June 2023 (the "Period"). CPDF and ELPT are both registered managed investment schemes in accordance with the Corporations Act 2001 and are domiciled in Australia.

The constitutions of CPDF and ELPT and the stapling deed between the entities ensure the number of units on issue in both trusts shall be equal and that their unitholders be identical. Clarence Property Corporation Limited as Responsible Entity of both trusts must at all times act in the best interest of the Group. The stapling arrangement will continue until the winding up of either CPDF or ELPT, or either entity terminating the stapling arrangement.

The Group has elected to utilise ASIC Corporations (Stapled Group Reports) Instrument 2015/838 and present the combined financial statements covering the consolidated Clarence Property Diversified Group ("Consolidated Group") and Clarence Property Diversified Fund as an individual entity.

Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit orientated entities.

Australian Accounting Standards set out accounting policies the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Group's functional and presentational currency.

Economic Outlook

The impact on operations due to economic uncertainties following COVID-19 was relatively minor. The operating results reflect the strength, diversity and resilient nature of the Group's properties and tenants.

While the world is now learning to live with COVID-19, new challenges are presenting themselves which may impact the Group's future operations. Global geo-political instability has caused impacts to supply chains, whilst economies have rebounded faster and sharper than most central banks anticipated following COVID-19. This has led to inflation, which in turn has led to central banks tightening monetary policy. These uncertain economic conditions may, in particular, lead to a period of continuing subdued residential land sales.

It is also possible new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including impacts of COVID-19) may evolve in ways not currently foreseeable.

1 Summary of significant accounting policies (continued)

Statement of compliance

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clarence Property Diversified Fund and Epiq Lennox Property Trust as at 30 June 2023 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Investment property

Investment property comprises investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income or for capital appreciation or both. Initially, investment property is measured at cost including transaction costs. Subsequent to initial recognition, investment property is then stated at fair value at each balance date with any gain or loss arising from a change in fair value of investment property recognised in the statement of profit or loss and other comprehensive income in the period in which it arises. Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

1 Summary of significant accounting policies (continued)

b) Investment property (continued)

External independent valuations are commissioned at least once every three years or when the directors are of the opinion there has been a material movement in the market. Internal valuations are also undertaken by suitably experienced and qualified appraisers for those properties not externally valued at each balance date.

The reported fair value of investment property reflects market conditions at the end of the reporting period. While this represents the best estimate as at the reporting date, actual sale prices achieved may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty.

Land & Buildings (including integral plant and equipment) which comprise the investment property are not depreciated. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

Transfers are made from investment property to inventories when, and only when, there is a change in use as evidenced by commencement of development with a view to sale. When an investment property is disposed of without development, it continues to be treated as an investment property until it is derecognised.

Investment property is derecognised when disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Investment property also includes property under construction for future use as investment property. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

c) Operating leases - investment property

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, is recognised on a straight-line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

Lease incentives under operating leases may take the form of cash, rent-free periods, contributions to certain lessee costs, relocation costs and lessee or lessor owned fit-outs and improvements. These incentives are capitalised as part of the carrying value of the investment property and amortised on a straight-line basis over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of investment property.

In addition to revenue generated directly from leases, which are accounted for in accordance with AASB 117 Leases, rent from investment properties includes non-lease revenue earned from tenants, predominantly in relation to recovery of asset operating costs (known as 'outgoings'). This outgoings revenue is within the scope of AASB 15 and therefore recognised and measured under that standard.

1 Summary of significant accounting policies (continued)

d) Inventories

Where a property or asset is acquired for the purpose of undergoing redevelopment and subsequent resale or is in the process of production for such sale, it is treated as inventories. Inventories is stated at the lower of cost and net realisable value. Cost includes acquisition, development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after the completion of the development are expensed. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Transfers are made from inventories to investment property when, and only when, there is a change in use evidenced by commencement of an operating lease to another party. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss and other comprehensive income in the period in which the transfer takes place.

e) Property, plant and equipment

In-use property, plant and equipment is measured at cost, less accumulated depreciation and impairment. Initial costs includes directly attributable acquisition expenditure. Subsequent costs are capitalised if it is probable they will result in a flow of future economic benefits and they can be reliably measured. Other costs are expensed as incurred.

In use property, plant and equipment depreciation is calculated on a straight-line basis over the estimated useful life of the relevant asset. Solar energy generation systems are depreciated over 20 years.

Assets under construction represent initial costs relating to the purchase and installation of solar energy generation systems. Assets under construction are transferred to in-use property, plant and equipment once the asset is ready for commercial use and are not depreciated until transfer.

Government grants received for assets under construction including small-scale technology certificates (STCs) are recognised to offset the carrying value of the asset and depreciated over the useful life of the asset upon commercial operation.

f) AASB 9 Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial assets and financial liabilities are initially measured at fair value. On initial recognition, financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognised net of transaction costs directly attributable to the acquisition of these financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

Given recent market volatility (including as a result of COVID-19), the Group reviewed the appropriateness of the inputs to its valuations of financial instruments including receivables, payables and derivative instruments. The impact of changes of inputs to the valuations has also been considered in terms of the classification of exposures in the fair value hierarchy and transfers within the fair value hierarchy.

1 Summary of significant accounting policies (continued)

f) AASB 9 Financial Instruments (continued)

i) Financial assets

Classification and subsequent recognition and measurement

Subsequent to initial recognition the Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group does not carry financial assets classified as 'fair value through other comprehensive income', and currently does not apply hedge accounting.

Financial assets recognised at amortised cost

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

Financial assets recognised at fair value through profit or loss

Assets which do not meet the criteria for amortised cost or recognition at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income and presented net within other gains / (losses) in the period in which it arises.

Equity investments recognised at fair value through profit or loss

Subsequent to initial recognition, the Group continues to measure all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (e.g. for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and pricing models to reflect the issuer's specific circumstances.

Impairment

For trade and lease receivables, the Group applies the simplified approach permitted by AASB 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

The Group impairs a financial asset when there is information indicating the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

1 Summary of significant accounting policies (continued)

f) AASB 9 Financial Instruments (continued)

ii) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract evidencing a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the value of the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

g) Derivative financial instruments

The Group is exposed to changes in interest rates and enters into interest rate agreements to convert certain variable interest rate borrowings to fixed interest rates.

The agreements are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Manager has determined these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by Australian Accounting Standards and therefore do not qualify for hedge accounting.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Gains or losses arising from changes in fair value are recognised immediately in the statement of profit or loss and other comprehensive income. Fair value at reporting date is calculated to be the present value of the estimated future cash flows of these instruments. The two key variables used in the valuation are the forward price curve and discount rates. Each instrument is discounted at the market interest rate appropriate to the instrument.

Derivative financial instruments are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

1 Summary of significant accounting policies (continued)

h) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication an asset may be impaired. The assessment includes considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset (being the higher of the asset's fair value less costs to sell or value in use) to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

Economic uncertainties (including COVID-19) has had an adverse impact within Australia and globally, however it is not possible to accurately determine the future nature, extent or duration of the impact on the Group, material or otherwise, at the date of signing the financial statements. The directors of the Group have considered the potential impacts and do not believe, based on the information currently available, it has had a significant impact in the assessment of impairment at balance date.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j) Cash and cash equivalents

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

k) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend & trust distribution revenue is recognised when the right to receive a dividend or trust distribution has been established.

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 (refer to note 1c).

Revenue from inventory sales is recognised in the statement of profit or loss and other comprehensive income upon settlement and after all contractual duties are completed, in accordance with AASB 15.

l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1 Summary of significant accounting policies (continued)

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs, except loan establishment costs, are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Loan establishment costs are capitalised and amortised over the term of the facility to which they relate, or five years, whichever is shorter.

n) Taxation

i) Income Tax

Under current Australian income tax legislation, CPDF is not liable to income tax provided its taxable income (including any realised capital gains) is fully distributed to unitholders each year. CPDF fully distributes its taxable income to unitholders.

Under current Australian income tax legislation, ELPT is liable to income tax as it is classified as a Public Trading Trust.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent it is no longer probable future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent it is probable there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

1 Summary of significant accounting policies (continued)**n) Taxation (continued)****ii) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred on a purchase of goods and services is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Tax Office, is classified as operating cash flows.

o) Comparative figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

p) Critical accounting estimates and judgements

The Responsible Entity evaluates estimates and judgements incorporated into the 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 Group.

Key Estimates

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group which may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

Key judgements

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies which have the most significant effect on the amount recognised in the financial statements is described in the following notes:

- Note 9 - Inventory.
- Note 11 - Property, plant & equipment.
- Note 13 - Investment property.
- Note 19 - Derivative financial instruments.

Economic uncertainty

Judgement has been exercised in considering the impacts economic uncertainty (including COVID-19) has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently. The board continues to actively monitor the situation.

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
2 Revenue and other income	\$	\$	\$	\$
Other income comprises:				
Trust distributions	1,657	1,232,625	6,107,826	3,899,284
Other revenue	36,834	140,360	-	126,703
	38,491	1,372,985	6,107,826	4,025,987
3 Profit				
Net profit before income tax has been determined after:				
Financing costs				
Interest expense	10,285,737	5,022,806	6,954,890	3,378,125
Borrowing costs	489,654	484,496	430,389	484,495
	10,775,391	5,507,302	7,385,279	3,862,620
4 Auditors' remuneration				
Detail of remuneration of auditor is set out below:				
Auditing or reviewing the financial statements	75,638	71,010	70,238	60,500
	75,638	71,010	70,238	60,500
5 Income tax expense/(benefit)				
Income tax expense/(benefit)				
Current tax	3,616,761	1,775,234	-	-
Derecognition of previous deferred taxes	-	-	-	-
Deferred tax expense/(income)	106,233	(317,156)	-	-
Tax rate differential	-	-	-	-
Total income tax benefit	3,722,994	1,458,078	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>				
Net profit before income tax	46,315,573	59,018,267	29,858,160	33,985,343
Tax at the statutory tax rate of 25.0% (2022: 25.0%)	11,578,893	14,754,567	7,464,540	8,496,336
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Capital gain on disposal of assets	(3,825,985)	-	(3,532,142)	-
Movement in market values	(621,151)	(8,272,413)	(258,850)	(5,087,630)
Tax rate differential	(3,525,037)	(5,024,076)	(3,673,548)	(3,408,706)
Sundry items	116,274	-	-	-
Income tax expense	3,722,994	1,458,078	-	-

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
6 Cash and cash equivalents				
Security deposits	-	3,700	-	3,700
Cash held in trust	776,300	2,862,473	776,300	1,079,691
Cash at bank	38,489,243	6,598,340	37,661,136	5,136,998
	<u>39,265,543</u>	<u>9,464,513</u>	<u>38,437,436</u>	<u>6,220,389</u>

7 Trade and other receivables

Current

Trade and other debtors	500,233	1,220,689	344,272	665,655
Less provision for doubtful debts	(125,244)	-	(125,244)	-
GST receivable	896,841	594,833	48,010	75,935
Sundry Debtors (i)	10,000,000	-	10,000,000	-
Total current	<u>11,271,830</u>	<u>1,815,522</u>	<u>10,267,038</u>	<u>741,590</u>

Non-current

Loan to ELPT and subsidiaries (ii)	-	-	298,893,628	274,373,571
Total non-current	-	-	<u>298,893,628</u>	<u>274,373,571</u>

Total trade and other receivables	<u>11,271,830</u>	<u>1,815,522</u>	<u>309,160,666</u>	<u>275,115,161</u>
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(i) As part of the sale of Zone Underwood this amount was withheld by the purchaser and will be released pending achievement of specific milestones during the reinstatement of the building impacted by the fire.

(ii) Refer Note 26(e)(ii) for further information on loans to subsidiaries.

The movement in provision for doubtful debts during the period was as follows:

Opening balance	-	-	-	-
Provision for doubtful receivables	243,422	1,411	131,409	-
Receivables written off during the year	(118,178)	(1,411)	(6,165)	-
Reversals of amounts provided	-	-	-	-
Closing balance	<u>125,244</u>	<u>-</u>	<u>125,244</u>	<u>-</u>

8 Financial assets

Non-current

Financial assets at fair value through profit or loss

Units in subsidiaries	-	-	10,163,620	10,163,620
	<u>-</u>	<u>-</u>	<u>10,163,620</u>	<u>10,163,620</u>

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
9 Inventory				
Current				
Land held for resale - at cost	21,638,648	276,621	-	-
Land under development - at cost	26,594,153	6,541,299	-	-
	<u>48,232,801</u>	<u>6,817,920</u>	<u>-</u>	<u>-</u>
Non-Current				
Land under development - at cost	133,044,844	126,367,993	629,014	629,014
	<u>133,044,844</u>	<u>126,367,993</u>	<u>629,014</u>	<u>629,014</u>
Total inventory	<u>181,277,645</u>	<u>133,185,913</u>	<u>629,014</u>	<u>629,014</u>

The total carrying amount of inventory pledged as security for liabilities is \$124,370,346 (June 2022: \$113,892,614).

10 Deferred tax assets

Deferred tax assets comprises temporary differences attributable to:

Capitalised costs	4,302	6,454	-	-
Government grants	197,519	173,514	-	-
Inventory	157,187	600,252	-	-
Tax losses	1,178,821	728,491	-	-
Total deferred tax assets	<u>1,537,829</u>	<u>1,508,711</u>	<u>-</u>	<u>-</u>

11 Property, plant & equipment

This section comprises in use property, plant and equipment and assets under construction.

In use property, plant & equipment

Opening balance	1,739,693	119,790	-	-
Additions	201,522	1,907,042	-	-
Government grants received/accrued	(62,498)	(639,423)	-	-
Depreciation expense	(93,679)	(68,131)	-	-
Transfer to in use property, plant and equipment	25,815	420,415	-	-
Closing balance	<u>1,810,853</u>	<u>1,739,693</u>	<u>-</u>	<u>-</u>

Assets under construction

Opening balance	73,539	420,415	-	-
Additions	461,541	73,539	-	-
Government grants received/accrued	-	-	-	-
Impairment losses recognised/reversed	-	-	-	-
Transfer to in use property, plant and equipment	(25,815)	(420,415)	-	-
Closing balance	<u>509,265</u>	<u>73,539</u>	<u>-</u>	<u>-</u>

Total

Opening balance	1,813,232	540,205	-	-
Additions	663,063	1,980,581	-	-
Government grants received/accrued	(62,498)	(639,423)	-	-
Depreciation expense	(93,679)	(68,131)	-	-
Closing balance	<u>2,320,118</u>	<u>1,813,232</u>	<u>-</u>	<u>-</u>

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
11 Property, plant & equipment (continued)				
Cost				
Cost (net of government grants)	2,483,444	1,881,363	-	-
Accumulated depreciation	(163,326)	(68,131)	-	-
Net book value	<u>2,320,118</u>	<u>1,813,232</u>	<u>-</u>	<u>-</u>
<p>The in-use property, plant and equipment consists of 15 solar energy generation systems in Queensland and New South Wales with nameplate capacity of 2.2 MW. Assets under construction includes capitalised initial costs in relation to future potential solar generation projects.</p>				
12 Other assets				
Current				
Prepayments	1,485,940	1,264,761	774,099	720,492
Other assets	624,295	1,124,404	47,252	118,301
	<u>2,110,235</u>	<u>2,389,165</u>	<u>821,351</u>	<u>838,793</u>
Non-current				
Prepayments	151,291	374,006	151,291	374,006
	<u>151,291</u>	<u>374,006</u>	<u>151,291</u>	<u>374,006</u>
Total other assets	<u>2,261,526</u>	<u>2,763,171</u>	<u>972,642</u>	<u>1,212,799</u>

	Consolidated Group		CPDF	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
13 Investment property				
Investment property (at fair value)				
<u>Commercial office</u>				
100 Blundell Boulevard, Tweed Heads	10,000,000	10,000,000	10,000,000	10,000,000
29 Molesworth Street, Lismore	20,200,000	20,200,000	20,200,000	20,200,000
The Rocket, Robina	83,900,000	83,900,000	83,900,000	83,900,000
183 Varsity Parade, Varsity Lakes	11,350,000	12,250,000	11,350,000	12,250,000
201 Leichhardt Street, Spring Hill	12,600,000	14,800,000	12,600,000	14,800,000
9 Hercules Street, Hamilton	11,450,000	10,200,000	11,450,000	10,200,000
188 Macquarie Street, Dubbo	9,900,000	10,700,000	-	-
65 Park Road, Milton	4,325,000	5,950,000	-	-
The Base, 197 Robina Town Centre Drive, Robina (i)	5,364,311	5,126,352	-	-
27-29 Grant Street, Port Macquarie	15,700,000	16,000,000	15,700,000	16,000,000
<u>Retail</u>				
Yamba Fair	41,600,000	41,600,000	41,600,000	41,600,000
Yamba residential property (ii)	475,000	475,000	475,000	475,000
Byron Bay Fair	15,500,000	14,000,000	15,500,000	14,000,000
Yamba Fuel Station	5,650,000	5,650,000	5,650,000	5,650,000
Bell Central, Mudgeeraba	17,600,000	16,500,000	17,600,000	16,500,000
Zone, Underwood	-	36,500,000	-	36,500,000
Epiq Marketplace, Lennox Head	39,080,000	39,080,000	39,080,000	39,080,000
Logan Village Marketplace	14,600,000	17,250,000	-	-
Ormeau Marketplace	-	31,500,000	-	-
Northshore Marketplace, Townsville	23,250,000	23,250,000	-	-
<u>Childcare & Medical</u>				
Tamar Village, Ballina	8,800,000	8,800,000	8,800,000	8,800,000
Epiq Childcare, Lennox Head	4,750,000	3,925,000	4,750,000	3,925,000
East Tamworth Medical Centre	15,600,000	14,500,000	15,600,000	14,500,000
Milton Childcare	9,450,000	8,435,000	-	-
Bahrs Scrub Childcare	6,800,000	5,600,000	-	-
Ripley Childcare (iii)	6,018,201	2,452,860	-	-
Salisbury Childcare (iii)	3,477,091	2,395,196	-	-
Rochedale South Childcare (iii)	1,737,014	1,681,276	-	-
Lota Childcare (iii)	1,754,831	-	-	-
Rangeville Childcare (iii)	3,308,935	-	-	-
Delahey Childcare (iii)	4,633,360	1,936,688	-	-
Mount Evelyn Childcare (iii)	2,776,551	-	-	-
Bellbowrie Childcare (iii)	1,587,056	-	-	-
<u>Logistics/Distribution/Industrial/Other</u>				
45 Alexandra Place, Murarrie	14,900,000	14,900,000	14,900,000	14,900,000
48 Bell-Are Avenue, Northgate	12,400,000	11,600,000	12,400,000	11,600,000
42 Mcroyle Street, Wacol	10,000,000	7,850,000	-	-
146 Canberra Street, Hemmant	-	8,400,000	-	-
81 Stradbroke Street, Heathwood	9,400,000	7,400,000	-	-
31 Paringa Rd, Murarrie	20,200,000	18,200,000	-	-
185 Queensport Road, Murarrie	10,350,000	10,350,000	-	-
18 Macgregor Place, Richlands	17,300,000	9,751,319	-	-
96 Tile Street, Wacol	7,300,000	7,300,000	-	-
Arndilly, 662 Tullymorgan Road, Lawrence	6,000,000	6,000,000	-	-
	521,087,350	566,408,691	341,555,000	374,880,000

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
13 Investment property (continued)				
<i>(i) This property is vacant land and held for future development.</i>				
<i>(ii) This property adjoins Yamba Fair and is held for future development of the centre.</i>				
<i>(iii) These properties are currently under construction for future use as investment property. The amounts quoted include all costs of acquisition and subsequent development to date.</i>				
Movement in investment properties				
Opening balance	566,408,691	436,313,687	374,880,000	289,710,000
Additions at cost				
Acquisition price	5,122,467	81,335,147	9,574	58,555,956
Transaction costs	454,205	7,384,888	-	5,338,202
Improvements	22,770,984	12,838,578	2,756,720	6,185,668
Disposals	(77,465,043)	(121,720)	(37,565,043)	(121,720)
Net fair value adjustment	1,856,056	26,003,167	406,858	13,264,033
Transfers from inventory	-	-	-	-
Lease incentives and leasing fees deferred	2,242,667	2,530,245	1,596,899	2,217,193
Amortisation of lease incentives and leasing fees	(1,108,174)	(796,304)	(951,232)	(744,751)
Movement in straight-lining rental income asset	805,497	921,003	421,224	475,419
Closing balance	<u>521,087,350</u>	<u>566,408,691</u>	<u>341,555,000</u>	<u>374,880,000</u>
Future minimum lease receivables				
Future minimum lease payments receivable from non-cancellable operating leases:				
Within one year	29,425,629	32,043,744	21,214,854	21,722,187
Later than one year but not later than five years	72,159,792	87,089,863	50,410,431	60,430,440
Later than five years	49,258,702	70,737,910	24,653,502	32,326,349
	<u>150,844,123</u>	<u>189,871,517</u>	<u>96,278,787</u>	<u>114,478,976</u>

The Group, as lessor, typically enters into operating leases with tenants for periods of 3 years to 10 years with option periods. The lease agreements provide for either rental increases as specified in the agreement or CPI increases.

Fair value measurement, valuation techniques and inputs

Given the uncertain economic conditions (including as a result of the COVID-19 pandemic), there is uncertainty surrounding the potential impact on future cash flows and on the valuation of investment property. Key assumptions have been made in the context of uncertainty regarding the ultimate impact of COVID-19, social and geo-political events, deteriorating investment market conditions and the increasing cost of debt.

The adopted valuations (both Director and independent) for investment properties are a combination of the valuations determined using the Discounted Cash Flow method and the Income Capitalisation method supported by recent market sales evidence.

The valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness, the allocation of maintenance and insurance responsibilities between the lessor and lessee and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

13 Investment property (continued)

The most significant unobservable input used in the above valuation techniques and its relationship with fair value measurement is the capitalisation rate. A 0.25% change in the capitalisation rate would have the affect of changing investment property valuations by \$23,520,000.

Term and definition	Input Range	Fair Value Increase in input	Sensitivity Decrease in input
<p><u>Capitalisation rate</u> The rate at which net market income is capitalised to determine the value of a property. The rate is determined having regard to market evidence and the prior external valuation.</p>	4.50% - 9.50%	Decrease	Increase
<p><u>Discount rate</u> The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined having regard to market evidence and the prior external valuation.</p>	5.50% - 9.75%	Decrease	Increase
<p><u>Net market rent</u> The estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent lease agreement, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).</p>	\$21/m ² - \$1,497/m ²	Increase	Decrease
<p><u>Weighted average lease expiry ("WALE")</u> WALE is used to measure the overall tenancy risk of a particular property to assess the likelihood of a property being vacated. WALE of a property is measured across all tenants' remaining lease terms (in years) and is weighted with the tenants' income against total combined income.</p>	0.3yrs - 20.1yrs	Increase	Decrease
<p><u>Occupancy</u> Occupancy is used to measure the proportion of the lettable space of a property which is occupied by tenants under current lease contracts and therefore how much rent is received from the property as a percentage of total rent possible if the property was fully occupied.</p>	25% - 100%	Increase	Decrease

All the significant inputs noted above are not observable market data, hence investment property valuations are considered Level 3 fair value measurements as detailed in note 27(f).

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
14 Trade and other payables				
Current				
Other creditors	5,766,409	3,931,410	1,808,064	1,463,187
Distributions to unitholders	2,776,295	2,202,504	2,776,295	2,202,504
	<u>8,542,704</u>	<u>6,133,914</u>	<u>4,584,359</u>	<u>3,665,691</u>
Included in the above are amounts due to related parties:				
Other creditors at an arm's length basis	973,168	1,545,303	-	-
	<u>973,168</u>	<u>1,545,303</u>	<u>-</u>	<u>-</u>
15 Income tax				
Current				
Provision for income tax	-	20,609	-	-
	<u>-</u>	<u>20,609</u>	<u>-</u>	<u>-</u>
16 Other liabilities				
Current				
Rent received in advance	2,502,963	2,958,099	1,744,632	1,907,332
Units to be issued	532,134	4,563,994	532,134	4,563,994
Provision for rental guarantees	357,783	-	357,783	-
Other liabilities	1,058,370	561,871	834,241	460,950
	<u>4,451,250</u>	<u>8,083,964</u>	<u>3,468,790</u>	<u>6,932,276</u>
Non-Current				
Deferred settlement liability (i)	2,000,000	-	-	-
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,451,250</u>	<u>8,083,964</u>	<u>3,468,790</u>	<u>6,932,276</u>

(i) As part of the Group's purchase of 36 Bark Hut Road, Woolgoolga NSW, \$2,000,000 of the \$5,000,000 purchase price is a deferred payment for 4 years.

The movement in provision for rental guarantees during the period was as follows:

Opening balance	-	-	-	-
Increase in provision for rental guarantees	858,991	-	858,991	-
Rental guarantees paid during the period	(501,208)	-	(501,208)	-
Reversals of amounts provided	-	-	-	-
Closing balance	<u>357,783</u>	<u>-</u>	<u>357,783</u>	<u>-</u>

As part of the sale of the Group's Zone Underwood property in December 2022, the Group provided a rental guarantee to the purchaser for the period of reinstatement up to a maximum of 12 months covering the building impacted by the fire. Additionally it provided a 1 year rental guarantee over the vacant shop within the property at the time of sale.

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
17 Deferred tax liabilities				
Deferred tax liabilities comprises temporary differences attributable to:				
Prepayments	-	-	-	-
Lease receivable debtor	-	-	-	-
Inventory	-	-	-	-
Plant and equipment	653,804	635,094	-	-
Financial assets	116,274	-	-	-
Total deferred tax liabilities	<u>770,078</u>	<u>635,094</u>	<u>-</u>	<u>-</u>

18 Financial liabilities
Current

Loans - financial institutions	19,824,853	-	-	-
	<u>19,824,853</u>	<u>-</u>	<u>-</u>	<u>-</u>

Non-current

Loans - financial institutions	257,504,700	273,429,772	237,504,500	239,429,671
	<u>257,504,700</u>	<u>273,429,772</u>	<u>237,504,500</u>	<u>239,429,671</u>
	<u>277,329,553</u>	<u>273,429,772</u>	<u>237,504,500</u>	<u>239,429,671</u>

Details of the Group's financial liabilities at balance date are as follows:

Facility	Maturity Date	Facility	Utilised	Facility	Utilised
		30 June 2023	30 June 2023	30 June 2022	30 June 2022
		\$	\$	\$	\$
Secured loan facility (i)	May-24	32,945,000	19,824,853	32,945,000	14,000,000
Secured loan facility (i)	Aug-24	2,255,000	2,255,000	2,255,000	2,255,000
Secured loan facility (i)	Aug-24	45,000,000	20,000,200	45,000,000	20,000,101
Secured loan facility (i)	May-25	8,000,000	7,825,000	24,750,000	24,750,000
Secured loan facility (i)	Sep-25	19,800,000	19,800,000	19,800,000	19,800,000
Secured bilateral loan facilities (ii)	Aug-24	50,000,000	35,000,000	50,000,000	20,000,000
Secured bilateral loan facilities (ii)	Sep-24	46,602,000	36,602,000	46,602,000	36,602,171
Secured bilateral loan facilities (ii)	Jan-25	47,850,000	47,850,000	47,850,000	47,850,000
Secured bilateral loan facilities (ii)	Sep-25	46,400,000	46,400,000	46,400,000	46,400,000
Secured bilateral loan facilities (ii)	Sep-25	26,922,500	26,922,500	26,922,500	26,922,500
Secured bilateral loan facilities (ii)	May-27	14,850,000	14,850,000	14,850,000	14,850,000
Total facilities		<u>340,624,500</u>	<u>277,329,553</u>	<u>357,374,500</u>	<u>273,429,772</u>

The Group had \$63,294,947 (2022: \$83,944,728) in unused finance facilities at balance date.

(i) The secured loan facilities are secured by a first registered mortgage over, and a General Security Agreement limited to, a specific property or group of properties.

(ii) Secured bilateral loan facilities are held with multiple providers. All providers are contracted under a Common Terms Deed and are secured pari passu by first registered mortgages over a specific pool of investment properties held by the Group. All principal amounts outstanding are due at the expiry of each facility. Each provider individually contracts its commitment amount, expiry date (see table above for more detail) and fee structure. The Group is able to repay and refinance individual providers.

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
19 Derivative financial instruments	\$	\$	\$	\$
Assets				
Non-current				
Interest rate contracts – at fair value	11,978,432	9,241,145	11,513,338	9,241,145
	11,978,432	9,241,145	11,513,338	9,241,145

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates.

Information regarding the Group's exposure to interest rates is provided in note 27(d). Details of principal amounts, expiry dates and interest ranges of interest rate derivative (hedging) contracts are set out in note 27(d).

Fair value measurement

The fair value of interest rate swaps is the estimated amount which would be received or paid to transfer the interest rate contract at the reporting date, taking into account current interest rates and the current creditworthiness of contract counterparties.

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates, adjusted for specific features of the instruments.

Derivative financial instrument valuations are considered Level 2 fair value measurements as detailed in note 27(f).

20 Franking credits

Franking credits available for subsequent years based on a tax rate of 25%	147,460	546,873	-	-
	147,460	546,873	-	-

The above amounts represent the balance of the franking account as at the end of the Period, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.

21 Segment reporting

The Group operates as one segment and in one geographical location as a property investor throughout Australia.

22 Commitments for capital expenditure

As at 30 June 2023 the Group had the following commitments contracted for which costs have not been recognised as liabilities:

Development costs on inventories	5,973,583	3,097,047	-	-
Capital Expenditure on investment property	377,501	1,667,786	-	1,667,786
Plant and equipment	133,892	-	-	-
Development costs for future investment property	23,833,106	19,992,432	-	-
Acquisition of 42 Cumberland Road, Forrestfield	1,300,000	-	-	-
Acquisition of 290 North Boambee Road	-	9,450,000	-	-
	31,618,082	34,207,265	-	1,667,786

All the above amounts are payable within 12 months.

23 Contingencies

The Group has given bank guarantees as at 30 June 2023 of \$205,466 (June 2022: Nil) to various councils and Essential Energy in respect to maintenance and construction obligations at its development properties.

Additionally, as part of the sale of the Group's Zone Underwood property in December 2022, the Group provided a rental guarantee to the purchaser covering the period of reinstatement up to a maximum of 12 months for the building impacted by the fire. Amounts have been included in the financial statements for the expected rent guarantee period which is shorter than the maximum 12 month period. Should the rebuilding works take longer than expected the amount provisioned may not be sufficient.

Further, as part of the sale, the Group has entered into a development deed to reinstate the building impacted by fire. Although the Group's insurers have accepted the Group's claim and will cover the cost of the rebuild, there is a possibility of future variations to the works which the insurer will not fund and the Group will have to fund itself.

24 Notes to the statement of cash flows

	Consolidated Group		CPDF	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
a) Cash and cash equivalents				
Cash at the end of the Period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Security deposits	-	3,700	-	3,700
Cash held in trust	776,300	2,862,473	776,300	1,079,691
Cash at bank	38,489,243	6,598,340	37,661,136	5,136,998
	<u>39,265,543</u>	<u>9,464,513</u>	<u>38,437,436</u>	<u>6,220,389</u>
b) Reconciliation of net profit to net cash flows from operating activities				
Total comprehensive profit attributable to unitholders	42,592,579	57,560,189	29,858,160	33,985,343
Non-cash items:				
Profit (loss) on sale of non-current assets	(15,303,938)	-	(14,128,567)	-
Fair value adjustments to investment properties	(1,856,056)	(26,003,167)	(406,858)	(13,264,033)
Fair value adjustments to financial assets	-	1,040,190	-	1,040,190
Transfers to investment property from inventory	-	-	-	-
Straightlining of rental income	(805,498)	(921,003)	(421,223)	(475,418)
Amortisation of lease incentives and leasing fees	1,108,174	796,304	951,232	744,751
Depreciation	93,679	68,131	-	-
Changes in assets and liabilities:				
Decrease (increase) in current receivables	(9,154,300)	(670,346)	(9,553,373)	(441,081)
Decrease (increase) in inventories	(48,091,732)	(85,282,702)	-	-
Decrease (increase) in tax assets	(83,623)	(1,345,120)	-	-
Decrease (increase) in other assets	501,645	(1,015,680)	240,157	142,588
Increase (decrease) in sundry creditors	1,834,999	2,487,656	344,877	628,388
Increase (decrease) in other liabilities	2,496,499	93,029	373,291	133,304
Increase (decrease) in GST payable	(302,008)	451,146	27,925	(177,802)
Increase (decrease) in provision for income tax	(20,609)	(14,454)	-	-
Increase (decrease) in deferred tax liabilities	134,984	485,268	-	-
Increase (decrease) in income in advance	(455,136)	1,125,705	(162,700)	1,254,476
Increase (decrease) in derivative financial instruments	(2,737,287)	(8,316,455)	(2,272,193)	(8,316,455)
Net cash provided by (used in) operating activities	<u>(30,047,628)</u>	<u>(59,461,309)</u>	<u>4,850,728</u>	<u>15,254,251</u>

25 Events subsequent to reporting date

Since the Period end, economic uncertainty has continued to evolve with potential impacts on specific areas of judgement applied in preparing these financial statements. The Group has continued to re-evaluate the potential impacts on significant inputs and key areas of judgement as outlined in Note 1. Based on these evaluations, the Group has determined there are no material events since Period end which would give rise to an adjustment.

On 1 July 2023 units totalling 492,822 were issued in relation to funds received during June 2023 pursuant to the PDS and the DRP Plan, and is shown as a current liability in the financial statements.

No matter or circumstance, other than as mentioned above, has arisen since the end of the Period which has significantly affected or may significantly affect:

- i) the operations of the Group;
- ii) the results of those operations; or
- iii) the state of affairs of the Group in subsequent financial years.

26 Related party disclosures
a) Responsible Entity

Both CPDF and ELPT are required to have an incorporated responsible entity to manage their activities. The Responsible Entity of both trusts is Clarence Property Corporation Limited.

b) Key management personnel

The following were key management personnel of the Responsible Entity from 1 July 2022 to 30 June 2023, unless otherwise stated.

<u>Key management person</u>	<u>Position</u>
James Dougherty	Chairman – Non-Executive
Peter Fahey	Managing Director - Executive
Darrell Irwin	Director – Executive
Tony Tippett	Director – Non-Executive
Andrew Carlton	Director – Non-Executive

c) Key management personnel compensation

No direct compensation is paid to any of the key management personnel or employees of the Responsible Entity by the Group.

d) Unit holdings

The Responsible Entity and its key management personnel (both personally and through their related entities) held units in the Group as follows:

	Balance 1/07/2021	Net Purchases / (Sales)	Balance 30/06/2022	Net Purchases / (Sales)	Balance 30/06/2023
James Dougherty	751,781	200,000	951,781	30,000	981,781
Peter Fahey	902,888	683,581	1,586,469	475,607	2,062,076
Darrell Irwin	683,787	662,808	1,346,595	172,568	1,519,163
Tony Tippett	3,267,173	1,000,000	4,267,173	46,750	4,313,923
Andrew Carlton	135,979	3,204	139,183	13,865	153,048
Total	5,741,608	2,549,593	8,291,201	738,790	9,029,991

	Consolidated Group		CPDF	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
26 Related party disclosures (continued)	\$	\$	\$	\$
e) Transactions				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:				
(i) Paid/payable to:				
The Responsible Entity				
Paid/payable to the Responsible Entity:				
Fund management fees	5,933,851	4,559,693	4,503,521	3,714,480
Acquisition fees	1,098,975	4,021,107	-	1,132,500
Disposal fees	2,345,940	127,000	1,016,000	-
Development & project management fees	2,052,827	722,726	-	-
Property management fees	47,741	1,935	-	-
Accountancy fees	92,258	12,000	-	-
Development sales fees	834,490	213,855	-	-
Property development performance fees	3,450,459	1,545,303	-	-
Debt management fees	77,732	236,100	-	-
Reimbursable expenses	108,341	55,102	83,332	35,888
	16,042,614	11,494,822	5,602,853	4,882,868
Received/receivable from the Responsible Entity:				
Rental of business premises	197,441	82,196	197,441	82,196
	197,441	82,196	197,441	82,196
Clarence Property Works Pty Ltd				
Property management, rent review & leasing fees	3,353,700	3,363,086	2,395,424	2,542,803
Robina Quays Unit Trust				
Distribution	-	1,232,625	-	1,232,625

(ii) Loans
Loan to Epiq Lennox Property Trust

Clarence Property Diversified Fund has provided a loan facility of \$155,000,000 to Epiq Lennox Property Trust to assist with the purchase and development of its 'Epiq Lennox' development project and to on-lend funds to its subsidiaries for development purposes. The balance owing at reporting date was \$150,296,778. The facility has a maturity date of 30 June 2027. No interest is charged on the facility.

26 Related party disclosures (continued)
(ii) Loans (continued)
Loans to subsidiaries

Clarence Property Diversified Fund has provided loan facilities to its subsidiaries to assist with the purchase and operation of investment properties they own. No interest is charged on these facilities. Details of these loans are:

	Maturity Date	Facility 30 June 2023 \$	Utilised 30 June 2023 \$	Facility 30 June 2022 \$	Utilised 30 June 2022 \$
Wacol Industrial Trust	Jun-25	16,000,000	7,819,698	16,000,000	14,988,191
Logan Village Shopping Centre Trust	Jun-25	17,500,000	16,390,907	17,500,000	16,790,438
Ormeau Shopping Centre Trust	Jun-25	31,000,000	-	31,000,000	29,357,273
WPT Sub-Trust 3	Jun-25	20,000,000	15,759,584	20,000,000	16,045,845
WPT Sub-Trust 4	Jun-25	27,500,000	18,144,933	27,500,000	18,741,589
North Shore Townsville Property Trust	Jun-25	20,000,000	14,807,267	20,000,000	14,989,239
Macquarie Commercial Property Trust	Jun-25	500,000	-	500,000	113,895
WPT Sub-Trust 6	Jun-25	22,500,000	20,576,834	22,500,000	20,746,564
WPT Sub-Trust 7	Jun-25	25,000,000	24,036,283	22,500,000	16,603,834
WPT Sub-Trust 8	Jun-25	17,500,000	9,595,638	17,500,000	4,890,786
WPT Sub-Trust 9	Jun-25	28,000,000	6,874,783	28,000,000	1,695,698
WPT Sub-Trust 10	Jun-25	45,000,000	5,544,478	45,000,000	5,754,603
CPDF Sub-Trust 11	Jun-25	16,000,000	7,439,605	16,000,000	1,944,186
CPDF Sub-Trust 13	Jun-25	7,500,000	1,606,840	-	-
		294,000,000	148,596,850	284,000,000	162,662,141

27 Financial instruments

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk & equity price risk).

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants and investment in securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each purchaser. The Group has a diverse range of tenants and therefore there is no significant concentration of credit risk, either by nature of industry or geographically.

Investment in securities

The Group limits its exposure to credit risk by only investing in liquid securities or securities which have fixed term durations.

ii) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has liquidity risk management policies, which assist in monitoring cash flow requirements. Typically the Group ensures it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days, including the servicing of financial obligations. Cash on demand is defined as cash held or unutilised borrowing facilities.

The Group also ensures that, as far as practicable, sufficient borrowing facilities are approved for a minimum of 3 years.

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Group enters into financial liabilities in order to manage market risks.

Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate. The Group has a guideline that at least 50% of its exposure to changes in interest rates on borrowings is hedged through entering into fixed rate bills or interest rate swaps. Additionally the Group may hold interest rate caps to provide further protection should extreme unforeseen circumstances arise.

Equity securities price risk

Equity securities price risk is the movement in the quoted price of stocks which is influenced by a range of factors, most of which are outside the control of the Group. The Group only invests in securities which are primarily backed by real property assets.

27 Financial instruments (continued)
b) Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	Consolidated Group		CPDF	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Cash and cash equivalents	39,265,543	9,464,513	38,437,436	6,220,389
Trade receivables	10,500,233	1,220,688	10,344,272	665,655
Loan receivables	-	-	298,893,629	274,373,571
Construction bonds	577,043	492,291	-	6,271
Financial assets at fair value through profit or loss	-	-	10,163,620	10,163,620
	<u>50,342,819</u>	<u>11,177,492</u>	<u>357,838,957</u>	<u>291,429,506</u>

c) Liquidity risk

The following are the contractual maturities of financial liabilities:

30 June 2023	Carrying amount \$	1 year or less \$	1-3 years \$	3 -5 years \$	More than 5 years \$
Non-derivatives					
Secured bank loans	277,329,553	19,824,853	242,654,700	14,850,000	-
Trade & other payables	8,542,704	8,542,704	-	-	-
Other liabilities	6,451,250	4,451,250	-	2,000,000	-
	<u>292,323,507</u>	<u>32,818,807</u>	<u>242,654,700</u>	<u>16,850,000</u>	<u>-</u>
Derivatives					
Net settled interest rate derivatives	(11,978,432)	(4,340,440)	(6,695,925)	(942,067)	-
	<u>(11,978,432)</u>	<u>(4,340,440)</u>	<u>(6,695,925)</u>	<u>(942,067)</u>	<u>-</u>

The Group entered into interest rate derivative instruments during the period which at balance date had a fair value of \$11,978,432, as presented in non-current assets in the Statement of Financial Position. Refer Note 27(d) for further details.

30 June 2022

Non-derivatives					
Secured bank loans	273,429,772	-	227,029,772	46,400,000	-
Trade & other payables	6,133,914	6,133,914	-	-	-
Other liabilities	8,083,964	8,083,964	-	-	-
	<u>287,647,650</u>	<u>14,217,878</u>	<u>227,029,772</u>	<u>46,400,000</u>	<u>-</u>
Derivatives					
Net settled interest rate swaps	(9,241,145)	(1,194,808)	(4,931,699)	(2,846,001)	(268,637)
	<u>(9,241,145)</u>	<u>(1,194,808)</u>	<u>(4,931,699)</u>	<u>(2,846,001)</u>	<u>(268,637)</u>

27 Financial instruments (continued)
d) Interest rate risk

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Weighted average effective interest rate		Consolidated Group	
	30 June 2023 %	30 June 2022 %	30 June 2023 \$	30 June 2022 \$
Variable rate financial assets				
Cash at bank	3.85	0.60	38,489,243	6,598,340
			<u>38,489,243</u>	<u>6,598,340</u>
Variable rate financial liabilities				
Interest bearing liabilities	4.97	3.49	277,329,553	273,429,772
			<u>277,329,553</u>	<u>273,429,772</u>

In addition the Group holds the following treasury instruments:

Type	BBSY Rate	Amount \$	Start Date	Expiry Date
Cap	1.00%	10,000,000	Mar-21	Mar-26
Fixed Rate Swap	0.50%	20,000,000	Jun-21	Mar-26
Cap and Collar	1.00% - 0.05%	30,000,000	Dec-22	Dec-25
Fixed Rate Swap	1.70%	10,000,000	Mar-23	Mar-26
Cap	1.00%	10,000,000	Jun-24	Jun-26
Cap and Collar	1.50% - 0.75%	10,000,000	Dec-23	Jun-27
Cap and Collar	1.50% - 0.75%	10,000,000	Dec-23	Jun-27
Fixed Rate Swap	1.00%	10,000,000	Jun-24	Jun-28
Fixed Rate Swap	1.00%	20,000,000	May-23	May-25
Fixed Rate Swap	2.25%	19,800,000	Apr-23	Sep-25
Fixed Rate Swap	2.50%	20,000,000	Mar-23	Aug-24
		169,800,000		

Sensitivity analysis

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at reporting date, including the estimated change in the value of derivative financial instruments which are carried at fair value. Cash and floating rate debt at reporting date are multiplied by the reasonably possible change in interest rates to determine the effect on profit for the financial year. The Group's derivative financial instruments whose carrying values are affected by changes in interest rates are interest rate Swaps, Caps and Cap & Collars. In calculating the change in value of interest rate contracts, a change in interest rates at reporting date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of up to 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

An increase of 100 basis points in interest rates at the reporting date would have decreased net profit before tax by \$2,796,865 (2022: a decrease of \$1,288,483).

27 Financial instruments (continued)

e) Equity securities price risk

The Group has no exposure to equity investments listed on the Australian Securities Exchange.

f) Fair values

The Group uses a number of methods to determine the fair value of its assets and liabilities as described in AASB 13 Fair Value Measurement. The methods comprise the following:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability which are not based on observable market data (unobservable inputs).

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investment property (refer Note 13).
- Derivative financial instruments (refer Note 19).

The carrying amounts of receivables, other current assets and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

28 Group details

The principal place of business of the Group is Level 1 Suite 4 Epiq Marketplace, 5 Snapper Drive Lennox Head NSW and its principal activity is investing in commercial rental properties and residential and commercial land development properties.

At 30 June 2023 there were forty employees of the Responsible Entity.

29 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

Name	Principal place of business / Country of incorporation	Consolidated Group	
		30 June 2023 %	30 June 2022 %
Yamba Quays Pty Ltd	Australia	100%	100%
WPT Solar Pty Ltd	Australia	100%	100%
Bayside Brunswick Pty Ltd	Australia	100%	100%
Bilambil Heights Pty Ltd	Australia	100%	100%
North Coffs Pty Ltd	Australia	100%	100%
WPT Land Developments 1 Pty Ltd	Australia	100%	100%
WPT Land Developments 2 Pty Ltd	Australia	100%	100%
WPT Land Developments 3 Pty Ltd	Australia	100%	100%
ELPT Land Developments 4 Pty Ltd	Australia	100%	100%
ELPT Land Developments 5 Pty Ltd	Australia	100%	100%
Wacol Industrial Trust	Australia	100%	100%
Logan Village Shopping Centre Trust	Australia	100%	100%
Ormeau Shopping Centre Trust	Australia	100%	100%
WPT Sub-Trust 3	Australia	100%	100%
WPT Sub-Trust 4	Australia	100%	100%
North Shore Townsville Property Trust	Australia	100%	100%
WPT Sub-Trust 6	Australia	100%	100%
Macquarie Commercial Property Trust	Australia	100%	100%
WPT Sub-Trust 7	Australia	100%	100%
WPT Sub-Trust 8	Australia	100%	100%
WPT Sub-Trust 9	Australia	100%	100%
WPT Sub-Trust 10	Australia	100%	100%
CPDF Sub-Trust 11	Australia	100%	100%
CPDF Sub-Trust 12	Australia	100%	100%
CPDF Sub-Trust 13	Australia	100%	100%
CPDF Sub-Trust 14	Australia	100%	100%
CPDF Sub-Trust 15	Australia	100%	100%
CPDF Sub-Trust 16	Australia	100%	100%

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

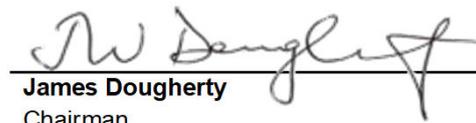
1. The financial statements and notes of the consolidated Group and Clarence Property Diversified Fund as set out on pages 12 to 45 are in accordance with the Corporations Act 2001 and:
 - a) Comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) Give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated Group and Clarence Property Diversified Fund.
2. In the directors' opinion there are reasonable grounds to believe the consolidated Group and Clarence Property Diversified Fund will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the responsible entity.

On behalf of the directors of the responsible entity,



Peter Fahey
Managing Director



James Dougherty
Chairman

Dated 7th day of September 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CLARENCE PROPERTY GROUP

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Clarence Property Group (Clarence Property Diversified Fund and the Epiq Lennox Property Trust) ("the Group"), and Clarence Property Diversified Fund ("the Fund"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund and the Group, comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

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

- a) Giving a true and fair view of the Group's and the Fund's financial position as at Friday, 30 June 2023 and of the Group and the Fund's performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Group and the Fund 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* (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.



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

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

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

Directors' Responsibilities 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 of the responsible entity are responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

A stylized, handwritten signature in black ink, appearing to read 'PKF'.

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Liam Murphy'.

LIAM MURPHY
PARTNER

BRISBANE, 7 SEPTEMBER 2023



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Clarence Property Corporation Limited ABN 67 094 710 942 AFSL 230212.