

# **Burrell World Equities Trust**

**ABN 56 548 863 048**

**Financial Statements - 30 June 2021**

**Burrell World Equities Trust**  
**Directory**  
**30 June 2021**

Responsible entity Directors	Burrell Securities Limited Roger J Burrell Christopher T Burrell Gregory J Vickery (Appointed: 18 November 2020) Frank J Finn Bernard C E Rowley (Retired: 18 November 2020)
Company secretary	Ian F Davey
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	<a href="http://www.burrell.com.au">http://www.burrell.com.au</a>

**Burrell World Equities Trust**  
**Directors' Report**  
**30 June 2021**

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 2021.

**The Scheme**

The Scheme was registered on 18 January 2013 and a Product Disclosure Statement was issued on 31 January 2014 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	(Appointed: 18 November 2020)
Frank J Finn	
Bernard C E Rowley	(Retired: 18 November 2020)

**Company Secretary**

Ian F Davey

**Service Providers**

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

<b>Service Type</b>	<b>Service</b>
Responsible Entity	Burrell Securities Limited
Custodian	Burrell & Co Holdings Pty Ltd
Investment Manager	Burrell Stockbroking & Superannuation
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****30 June 2021****Distributions**

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

**Final distribution**

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Final distribution paid or payable	<u>20,723</u>	<u>93,062</u>
Year ended	30/06/2021	30/06/2020
Cents per unit	.54 ¢	2.39 ¢
Date paid or provided for	13/10/2021	9/10/2020

**Interim distribution**

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Interim distribution paid	<u>-</u>	<u>52,500</u>
Half-year ended	31/12/2020	31/12/2019
Cents per unit	.000 ¢	1.320 ¢
Date paid or provided for		6/04/2020

**Results**

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

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
Profit(loss) attributable to the unit holders for the financial year	<u>(13,043)</u>	<u>47,708</u>

**Review of operations****Performance Outcomes****Net Return**

The net return to unitholders for the financial year ended 30 June 2021 was 15.27%. 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.

**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 2021 and the comparative prior period are as follows:

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>%</b>	<b>%</b>
Burrell World Equities Trust	17.6	(1.6)
MSCI World Index ex Australia (in Australian dollar terms)	26.2	2.9

**Burrell World Equities Trust**  
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The Scheme's investments by industry sector were:

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>%</b>	<b>%</b>
Energy	6.7	3.3
Materials	5.1	2.4
Industrials	4.8	7.3
Consumer discretionary	4.2	5.3
Consumer staples	2.4	1.9
Financials	12.5	14.2
Managed funds and LICs	29.6	26.1
Health care	10.7	8.9
Information technology	13.5	12.0
Cash & cash equivalents	10.5	18.5
Other	-	0.1

The Scheme's investments by geographic area were:

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>%</b>	<b>%</b>
Australia & New Zealand	8.9	12.0
Americas	20.9	30.1
United Kingdom	0.1	2.2
Europe excl. United Kingdom	8.0	9.9
Asia Pacific excl. Australia	7.9	4.7
Global	54.2	41.1

Securities representing 5% or more of the investments in the portfolio as at 30 June 2021 were:

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>% of portfolio</b>	<b>% of portfolio</b>
Incometric Fund Class B Units	19.1	17.4
Fortrend - USD		6.7

**COVID-19 Pandemic**

Markets around the world have continued to trek higher amidst the current low interest rate environment, government COVID relief programs, corporate activity and reopening themes. Valuations are now at all-time highs in most of the major markets as a result especially the US. The high valuations are a cause for concern in terms of managing risks in international portfolios as any earnings miss along with potential central bank tapering and interest rate increases to stave off inflation have the potential to adversely affect hot markets. The delta variant of COVID along with inflationary pressures in supply chains are key risks that have been taken into account when managing the Burrell World Equities Trust.

As a result, the Burrell World Equities Trust international portfolio has provided a reasonable return at lower risk than the benchmark.

**Burrell World Equities Trust**  
**Directors' Report**  
**30 June 2021**

**Management costs**

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

	30-Jun-21	30-Jun-20
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.

**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-21	30-Jun-20
Ex distribution net asset value per unit for the Scheme	<u>\$1.47</u>	<u>\$1.28</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**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 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.

**Burrell World Equities Trust**  
**Directors' Report**  
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**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**

<b>Name:</b>	<b>Roger J Burrell</b>
<b>Title:</b>	Chairman
<b>Qualifications:</b>	B. Com, L.L.B., F Fin, F.A.I.C.D., Dip Fin, Dip FMBM.
<b>Experience and expertise:</b>	Roger has been a Director since 1987. He is also a Director of Access Funds Management Ltd, Principal of his own legal firm and of AFM Property Services, Chair of Multiple Sclerosis Society of Queensland (MSQ), and Legal Consultant to QM Properties Group. Roger is also 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).
<b>Other current directorships:</b>	Burrell Stockbroking Pty Ltd and related entities
<b>Former directorships (in the last 3 years):</b>	Multiple Sclerosis Australia
<b>Interests in units:</b>	100,457 beneficially held Fully Paid units.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Christopher T Burrell</b>
<b>Title:</b>	Director
<b>Qualifications:</b>	M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.
<b>Experience and expertise:</b>	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.
<b>Other current directorships:</b>	Director of Burrell Stockbroking Pty Ltd, and The Donald and Joan Wilson Foundation
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	214,045 beneficially and 4,828 non-beneficially held Fully Paid units.
<b>Interests in options:</b>	None.

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<b>Name:</b>	<b>Gregory J Vickery</b> (Appointed: 18 November 2020)
<b>Title:</b>	Director
<b>Qualifications:</b>	AO, F.A.I.C.D
<b>Experience and expertise:</b>	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.
<b>Other current directorships:</b>	Burrell Stockbroking Pty Ltd and related entities; Blue Economy CRC Ltd
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	39,618 beneficially held Fully Paid units.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Frank J Finn</b>
<b>Title:</b>	Director
<b>Qualifications:</b>	B. Com (Hons), M.B.A. PhD, F.C.P.A.
<b>Experience and expertise:</b>	Frank has been a Director since 1996. He was Professor of Finance, Director of Studies at the Faculty of Business, Economics & Law of University of Queensland. He was also at various times Dean of the Faculty of Commerce and Economics and Head of the School of Commerce.
<b>Other current directorships:</b>	None.
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	None.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Bernard C E Rowley</b> (Retired: 18 November 2020)
<b>Title:</b>	Chairman
<b>Qualifications:</b>	Fellow of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors.
<b>Experience and expertise:</b>	Bernard has been a Director since 1998 and Chairman since 2002. He was previously the Chief Executive Officer of Suncorp Insurance & Finance for the years 1986 to 1996.
<b>Other current directorships:</b>	None.
<b>Former directorships (in the last 3 years):</b>	Chairman of Cuna Mutual Life, Chairman of Cuna Mutual Group, Director of River City Motorway Group and Director of Australian Shale Oil Resources Company.
<b>Interests in units:</b>	6,237 Fully Paid units, Non-beneficially held.
<b>Interests in options:</b>	None.



**Burrell World Equities Trust**  
**Directors' Report**  
**30 June 2021**

**Company Secretary**

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

**Meetings of directors**

The number of meetings of the Responsible entity's Board of Directors held during the year ended 30 June 2021, and the number of meetings attended by each director was:

	<b>Full Board</b>	
	<b>Held</b>	<b>Attended</b>
Bernard C Rowley	2	1
Christopher T Burrell	4	3
Roger J Burrell	4	4
Gregory J Vickery	2	2
Frank J Finn	4	2

**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.

**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 9.

**Auditor**

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

**Burrell World Equities Trust**  
**Directors' Report**  
**30 June 2021**

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

A handwritten signature in black ink, appearing to read 'R Burrell', with a stylized flourish at the end.

**Roger J Burrell**  
Chairman

A handwritten signature in black ink, appearing to read 'Chris Burrell', with a long horizontal flourish extending to the right.

**Christopher T Burrell**  
Director

8 September 2021  
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 2021, 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



Liam Murphy  
PARTNER

Brisbane  
8 SEPTEMBER 2021

PKF Brisbane Audit ABN 33 873 151 348

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

**Burrell World Equities Trust**  
**Financial report**  
**30 June 2021**

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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 8 September 2021. 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 2021**

	<b>Note</b>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Revenue</b>	4	119,792	80,775
Other income	5	-	91,646
<b>Expenses</b>			
Accounting and audit fees		(4,136)	(4,103)
Interest expense		(7)	(548)
Legal expenses		(5,440)	(5,300)
Managed portfolio service fees		(35,737)	(37,325)
Realised foreign exchange movements		(69,993)	-
Unrealised foreign exchange movements		16,193	(43,696)
Secretarial expenses		(30,653)	(30,664)
Other expenses		<u>(3,062)</u>	<u>(3,077)</u>
<b>Profit(loss) attributable to unit holders</b>	12	<u>(13,043)</u>	<u>47,708</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Unrealised changes in the value of equity investments at fair value		695,489	(131,044)
Realised net fair value gain(loss) on equity investments at fair value		<u>76,669</u>	<u>106,253</u>
Other comprehensive income for the financial year, net of tax		<u>772,159</u>	<u>(24,791)</u>
<b>Total comprehensive income for the financial year attributable to the owners of Burrell World Equities Trust</b>		<u><u>759,116</u></u>	<u><u>22,917</u></u>

*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 2021**

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	563,398	907,917
Trade and other receivables	7	19,928	42,096
Total current assets		<u>583,326</u>	<u>950,013</u>
<b>Non-current assets</b>			
Financial assets	8	5,080,980	4,124,749
Total non-current assets		<u>5,080,980</u>	<u>4,124,749</u>
<b>Total assets</b>		<u>5,664,306</u>	<u>5,074,762</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	26,163	93,061
Total current liabilities		<u>26,163</u>	<u>93,061</u>
<b>Total liabilities</b>		<u>26,163</u>	<u>93,061</u>
<b>Net assets attributable to unitholders</b>		<u>5,638,143</u>	<u>4,981,701</u>
<b>Represented by:</b>			
Units on issue	10	3,706,955	3,775,955
Reserves	11	1,929,060	1,183,607
Retained profits/(Accumulated losses)	12	2,128	22,139
		<u>5,638,143</u>	<u>4,981,701</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 2021**

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2019		3,846,308	1,259,378	69,163	5,174,849
Profit for the financial year		-	-	47,708	47,708
Other comprehensive income for the financial year		-	(24,791)	-	(24,791)
Total comprehensive income for the financial year		-	(24,791)	47,708	22,917
Transfer of net gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	12	-	(50,980)	50,980	-
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	10	115,766	-	-	115,766
Redemptions of units	10	(186,119)	-	-	(186,119)
Distributions paid or payable	13	-	-	(145,712)	(145,712)
Balance at 30 June 2020		<u>3,775,955</u>	<u>1,183,607</u>	<u>22,139</u>	<u>4,981,701</u>

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2020		3,775,955	1,183,607	22,139	4,981,701
Profit for the financial year		-	-	(13,043)	(13,043)
Other comprehensive income for the financial year		-	772,159	-	772,159
Total comprehensive income for the financial year		-	772,159	(13,043)	759,116
Transfer of net gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	12	-	(26,705)	26,705	-
<i>Transactions with unitholders in their capacity as owners:</i>					
Contributions of capital, net of transaction costs	10	126,261	-	-	126,261
Redemptions of units	10	(195,261)	-	-	(195,261)
Distributions paid or payable	13	-	-	(33,672)	(33,672)
Balance at 30 June 2021		<u>3,706,955</u>	<u>1,929,060</u>	<u>2,128</u>	<u>5,638,144</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 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Dividends received		66,667	75,750
Interest received		2,963	925
Trust distributions received		33,846	40,276
Payments to suppliers (inclusive of GST)		<u>(73,595)</u>	<u>(84,803)</u>
Net cash from/(used in) operating activities	19	<u>29,881</u>	<u>32,148</u>
<b>Cash flows from investing activities</b>			
Payments for financial securities		(1,569,454)	(1,205,308)
Proceeds from sale of financial securities		<u>1,423,866</u>	<u>1,420,957</u>
Net cash from/(used in) investing activities		<u>(145,588)</u>	<u>215,649</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of units to unitholders	10	126,261	115,766
Payments for redemption of units	10	(195,262)	(186,118)
Distributions paid to unitholders		<u>(106,011)</u>	<u>(228,963)</u>
Net cash used/from in financing activities		<u>(175,012)</u>	<u>(299,315)</u>
Net increase/(decrease) in cash and cash equivalents		(290,719)	(51,518)
Cash and cash equivalents at the beginning of the financial year		907,917	911,485
Effect of exchange rate changes on cash		<u>(53,800)</u>	<u>47,950</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>563,398</u></u>	<u><u>907,917</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 2020**

**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 director's 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 31 January 2014 in order to raise funds from retail investors.

The Financial Statements were authorised for issue on 8 September 2021 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 passive dividends and interest is recognised as it is received. Revenue from 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.

**Note 2. Significant accounting policies (continued)**

**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.

**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.

**Note 2. Significant accounting policies (continued)**

**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.

**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 2021. 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.

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**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.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the scheme based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the scheme 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 scheme unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*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.

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**Note 4. Revenue**

	2021	2020
	\$	\$
Dividends	68,154	75,459
Interest	2,963	925
Trust income	48,675	4,391
	<u>119,792</u>	<u>80,775</u>
Revenue		

**Note 5. Other income**

	2021	2020
	\$	\$
Net gain on realised foreign exchange movements	-	91,646
	<u>-</u>	<u>91,646</u>

**Note 6. Current assets - cash and cash equivalents**

	2021	2020
	\$	\$
Cash and cash equivalents	563,398	907,917

**Note 7. Current assets - trade and other receivables**

	2021	2020
	\$	\$
Accrued income	19,928	3,611
Sales of securities to be settled	-	38,485
	<u>19,928</u>	<u>42,096</u>

**Note 8. Non-current assets - financial assets**

	2021	2020
	\$	\$
Equity investments at fair value	5,080,980	4,124,749

*Reconciliation*

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

Opening fair value	4,124,749	4,403,674
Additions	1,569,454	1,205,308
Disposals	(1,385,382)	(1,459,442)
Revaluation increments/(decrements)	772,159	(24,791)
	<u>5,080,980</u>	<u>4,124,749</u>
Closing fair value		

Refer to Note 14 for further information on financial instruments.

**Note 9. Current liabilities - trade and other payables**

	2021	2020
	\$	\$
Trade payables	5,440	-
Other payables	20,723	93,061
	<u>26,163</u>	<u>93,061</u>

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**Note 10. Units on issue**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>\$</b>
Units on issue at year end	<u>3,841,658</u>	<u>3,893,402</u>	<u>3,706,955</u>	<u>3,775,955</u>

*Movements in unit capital*

	<b>Date</b>	<b>No. of units</b>	<b>Price</b>	<b>\$</b>
Balance	30 Jun 2019	3,939,682		3,846,308
Redemption	1 Jul 2019	(8,065)	\$1.37	(11,049)
Issue of new units from DRP	3 Oct 2019	66,690	\$1.33	88,697
Redemption	8 Nov 2019	(10,869)	\$1.34	(14,565)
Redemption	12 Dec 2019	(17,478)	\$1.36	(23,770)
Redemption	6 Mar 2020	(63,265)	\$1.41	(89,204)
Redemption	1 Apr 2020	(34,949)	\$1.36	(47,531)
Issue of new units from DRP	8 Apr 2020	<u>21,656</u>	\$1.25	<u>27,069</u>
Balance	30 Jun 2020	3,893,402		3,775,955
Issue of new units from DRP	21 Oct 2020	42,668	\$1.32	56,324
Redemption	21 Dec 2020	(21,739)	\$1.35	(29,348)
Issue of new units	25 Feb 2021	10,714	\$1.40	15,000
Redemption	12 Mar 2021	(123,487)	\$1.34	(165,913)
Issue of new units	31 Mar 2021	<u>40,100</u>	\$1.37	<u>54,937</u>
Balance		<u>3,841,658</u>		<u>3,706,955</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.



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**Note 11. Equity - Reserves**

	2021	2020
	\$	\$
Fair value of equity investments revaluation reserve	1,629,824	934,335
Fair value of equity investments realised gains(losses)	299,236	249,272
	<u>1,929,060</u>	<u>1,183,607</u>

*Movements in reserves*

	Revaluation reserve \$	Realised gains (losses) \$	Total reserves \$
Balance at 01 July 2019	1,065,379	193,999	1,259,378
Revaluation - gross	(131,044)	-	(131,044)
Realised gains and losses	-	106,253	106,253
Transfers to/(from) reserves to retained earnings	-	(50,980)	(50,980)
	<u>934,335</u>	<u>249,272</u>	<u>1,183,607</u>
Balance at 30 June 2020	934,335	249,272	1,183,607
Revaluation - gross	695,489	-	695,489
Realised gains and losses	-	76,669	76,669
Transfers to/(from) reserves to retained earnings	-	(26,705)	(26,705)
	<u>1,629,824</u>	<u>299,236</u>	<u>1,929,060</u>
Balance at 30 June 2021	1,629,824	299,236	1,929,060

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

	Note	2021 \$	2020 \$
Retained profits(Accumulated losses) at the beginning of the financial year		22,139	69,163
Profit(loss) for the year		(13,043)	47,708
Transfers to/from reserves		26,705	50,980
Distributions paid	13	<u>(33,673)</u>	<u>(145,712)</u>
Retained profits(Accumulated losses) at the end of the financial year		<u>2,128</u>	<u>22,139</u>

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**Note 13. Equity - distributions**

*Distributions*

**Final distribution**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Final distribution paid or payable	<u>20,723</u>	<u>93,062</u>
Year ended	30/06/2021	30/06/2020
Cents per unit	.54 ¢	2.39 ¢
Date paid or proposed	13/10/2021	9/10/2020

**Interim distribution**

Interim distribution paid	<u>-</u>	<u>52,500</u>
Half-year ended	31/12/2020	31/12/2019
Cents per unit		1.320 ¢
Date paid or proposed		6/04/2020

<b>Under/(over) provision for previous financial year</b>	12,949	150
	<u>33,672</u>	<u>145,712</u>
<b>Total distributions paid or payable</b>	<u>33,672</u>	<u>145,712</u>

**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 2021 over their cost, after allowing for selling costs was \$1,629.8 thousand (2020: \$934.3 thousand - increase). A fall in the market values across the portfolio of 5% and 10% would reduce equity in the Scheme by approximately \$257.3 thousand and \$514.5 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.

**Note 14. Financial instruments (continued)**

*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 0.40% (2020: 0.10%).

*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:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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.

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**Note 15. Fair value measurements (continued)**

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.

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 2021			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	8	3,440,534	-	-	3,440,534
units in unlisted trusts	8	-	1,640,446	-	1,640,446
<b>Total financial assets recognised at fair value on a recurring basis</b>		<u>3,440,534</u>	<u>1,640,446</u>	<u>-</u>	<u>5,080,980</u>

		30 June 2020			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Available-for-sale financial assets:					
shares in listed companies	8	2,809,353	-	-	2,809,353
units in unlisted trusts	8	-	1,315,396	-	1,315,396
<b>Total financial assets recognised at fair value on a recurring basis</b>		<u>2,809,353</u>	<u>1,315,396</u>	<u>-</u>	<u>4,124,749</u>

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

Description	Valuation Technique(s)	Inputs Used	Fair Value at 30 June 2021 \$
<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>1,640,446</u>

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**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**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and has become a significant matter around the globe. Management is monitoring these development and any potential future impact on the financial position and performance of the scheme. However, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 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/(used in) operating activities**

	2021	2020
	\$	\$
Profit(loss) after income tax expense for the year	(13,043)	47,708
Adjustments for:		
Net (gain)/loss on foreign exchange	53,800	(47,950)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(16,317)	36,178
Increase/(decrease) in other operating liabilities	5,441	(3,788)
Net cash from/(used in) operating activities	29,881	32,148

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**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:

	2021	2020
<b>Units held by Directors of the Responsible Entity</b>		
Mr C T Burrell	214,045	209,719
Mr C T Burrell (non-beneficial owner)	4,828	4,730
Mr R J Burrell	100,457	98,427
Prof F J Finn	-	-
Mr B C E Rowley (non-beneficial owner)	6,237	6,237
Mr G J Vickery	39,618	39,618
	<u>365,185</u>	<u>358,731</u>
Total Director's holdings of units		

**Note 21. 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:

	2021	2020
Acquisitions of units, including units issued under a Distribution Reinvestment Plan, rights issue or unit top-up plan	6,454	-
Redemptions of units	-	-
	<u>6,454</u>	<u>-</u>
Total Director's transactions in units		

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 \$27,220 brokerage paid by the Scheme to Burrell Stockbroking Pty Ltd during the year, and the amount of \$70,526 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.

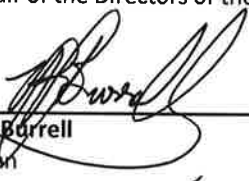
**Burrell World Equities Trust**  
**Trustee's declaration**

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 2021 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

  
\_\_\_\_\_  
**Roger J Burrell**  
Chairman

  
\_\_\_\_\_  
**Christopher T Burrell**  
Director

Brisbane  
8 September 2021

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDES 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 2021, 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 2021 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's 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



LIAM MURPHY  
PARTNER

BRISBANE  
8 SEPTEMBER 2021

# **Burrell Smallcaps Midcaps and Resources Trust**

**ABN 86 684 312 625**

**Financial Statements - 30 June 2021**

**Burrell Smallcaps Midcaps and Resources Trust**  
**Directory**  
**30 June 2021**

Responsible entity	Burrell Securities Limited
Directors	Roger J Burrell Christopher T Burrell Gregory J Vickery (Appointed: 18 November 2020) Frank J Finn Bernard C E Rowley (Retired: 18 November 2020)
Company secretary	Ian F Davey
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	<a href="http://www.burrell.com.au">http://www.burrell.com.au</a>

## **Burrell Smallcap Midcaps and Resources Trust**

### **Directors' Report**

**30 June 2021**

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 2021.

#### **The Scheme**

The Scheme was registered on 2 July 2014 and a Product Disclosure Statement was issued on 9 December 2014 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	(Appointed: 18 November 2020)
Frank J Finn	
Bernard C E Rowley	(Retired: 18 November 2020)

#### **Company Secretary**

Ian F Davey

#### **Service Providers**

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

<b>Service Type</b>	<b>Service</b>
Responsible Entity	Burrell Securities Limited
Custodian	Burrell & Co Holdings Pty Ltd
Investment Manager	Burrell Stockbroking & Superannuation
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.

**Burrell Smallcap Midcaps and Resources Trust**  
**Directors' Report**  
**30 June 2021**

**Distributions**

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

**Final distribution**

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Final distribution paid or payable	-	24,929
Year ended	30/06/2021	30/06/2020
Cents per unit	.00 ¢	.91 ¢
Date paid or provided for		9/10/2020

**Interim distribution**

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Interim distribution paid	30,859	-
Half-year ended	31/12/2020	31/12/2019
Cents per unit	1.11 ¢	0.00 ¢
Date paid or provided for	15/04/2021	N/A

**Results**

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

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
Profit attributable to the unit holders for the financial year	7,796	28,727

**Review of operations**

**Performance Outcomes**

**Net Return**

The net return to unitholders for the financial year ended 30 June 2021 was 41.17%. 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

30 June 2021

#### 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 2021 and the comparative prior period are as follows:

	30-Jun-21	30-Jun-20
	%	%
Burrell Smallcaps Midcaps and Resources Trust	49.14	-26.16
S&P/ASX Small Ords Accumulation Index	33.23	-5.67

The Scheme's investments by industry sector were:

	30-Jun-21	30-Jun-20
	%	%
Energy	22.8	15.0
Materials	14.0	19.4
Industrials	1.7	1.1
Consumer discretionary	12.1	15.8
Consumer staples	7.0	6.6
Financials	15.0	23.1
Managed funds and LICs	2.7	1.5
Real estate	1.4	6.7
Information technology & Telecomms	12.5	7.8
Health care	1.4	1.9
Cash & cash equivalents	9.4	1.1

Securities representing 5% or more of the investments in the portfolio as at 30 June 2021 were:

	30-Jun-21	30-Jun-20
	% of portfolio	% of portfolio
Bank of Queensland Limited	5.7	8.1
APN Industria Reit	-	6.7
Nine Entertainment Holdings Limited	-	6.4
Over the Wire Holdings Limited	6.4	6.0

#### COVID-19 Pandemic

The recovery and performance of the domestic market has continued throughout the year as previous COVID "winners" were sold off and funds reinvested into beaten down value names. Growth sectors of technology & healthcare gave way to outperformance in Banks, Mining & Materials & specific AREITS. Current high valuations have seen it appropriate to manage the Burrell Australian Equities Trust with a regard to specific company and industry fundamentals and exercise caution. Inflationary pressures continue to drive market movements as investors try to determine possible reserve bank tapering & interest rate hikes timelines going forward. As well as this, a significant increase in corporate activity via M&A and divestments have taken place driving specific names higher and creating further market value.

As a result, the recovery and performance of the Burrell Smallcaps Midcaps and Resources Trust has outperformed the ASX Small Ords Accumulation Index by over 15%.

**Burrell Smallcap Midcaps and Resources Trust**  
**Directors' Report**  
**30 June 2021**

**Management costs**

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

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
Ratio of indirect costs to total average net assets	<u>1.6%</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.

**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.

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
Ex distribution net asset value per unit for the Scheme	<u>\$0.85</u>	<u>\$0.61</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**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 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.

**Burrell Smallcap Midcaps and Resources Trust**  
**Directors' Report**  
**30 June 2021**

Information on the directors of the Responsible Entity

<b>Name:</b>	<b>Roger J Burrell</b>
<b>Title:</b>	Director
<b>Qualifications:</b>	B. Com, L.L.B., F Fin, F.A.I.C.D., Dip Fin, Dip FMBM.
<b>Experience and expertise:</b>	Roger has been a Director since 1987. He is also a Director of Access Funds Management Ltd, Principal of his own legal firm and of AFM Property Services, Chair of Multiple Sclerosis Society of Queensland (MSQ), and Legal Consultant to QM Properties Group. Roger is also 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).
<b>Other current directorships:</b>	Burrell Stockbroking Pty Ltd and related entities
<b>Former directorships (in the last 3 years):</b>	Multiple Sclerosis Australia
<b>Interests in units:</b>	70,459 beneficially held Fully Paid units.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Christopher T Burrell</b>
<b>Title:</b>	Director
<b>Qualifications:</b>	M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.
<b>Experience and expertise:</b>	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.
<b>Other current directorships:</b>	Director of Burrell Stockbroking Pty Ltd, and The Donald and Joan Wilson Foundation
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	316,890 beneficially and 200,992 non-beneficially held Fully Paid units.
<b>Interests in options:</b>	None.



## Burrell Smallcap Midcaps and Resources Trust

### Directors' Report

30 June 2021

<b>Name:</b>	<b>Gregory J Vickery</b> (Appointed: 18 November 2020)
<b>Title:</b>	Director
<b>Qualifications:</b>	AO, F.A.I.C.D
<b>Experience and expertise:</b>	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.
<b>Other current directorships:</b>	Burrell Stockbroking Pty Ltd and related entities; Blue Economy CRC Ltd
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	12,207 Fully Paid units, beneficially held.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Frank J Finn</b>
<b>Title:</b>	Director
<b>Qualifications:</b>	B. Com (Hons), M.B.A. PhD, F.C.P.A.
<b>Experience and expertise:</b>	Frank has been a Director since 2002. He was Professor of Finance, Director of Studies at the Faculty of Business, Economics & Law of University of Queensland.
<b>Other current directorships:</b>	None.
<b>Former directorships (in the last 3 years):</b>	None.
<b>Interests in units:</b>	None.
<b>Interests in options:</b>	None.
<b>Name:</b>	<b>Bernard C E Rowley</b> (Retired: 18 November 2020)
<b>Title:</b>	Chairman
<b>Qualifications:</b>	Fellow of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors.
<b>Experience and expertise:</b>	Bernard has been a Director since 1998 and Chairman since 2002. He was previously the Chief Executive Officer of Suncorp Insurance & Finance for the years 1986 to 1996.
<b>Other current directorships:</b>	None.
<b>Former directorships (in the last 3 years):</b>	Chairman of Cuna Mutual Life, Chairman of Cuna Mutual Group, Director of River City Motorway Group, and Director of Australian Shale Oil Resources Company.
<b>Interests in units:</b>	1,091 Fully Paid units, Non-beneficially held.
<b>Interests in options:</b>	None.

## **Burrell Smallcap Midcaps and Resources Trust**

### **Directors' Report**

**30 June 2021**

#### **Company Secretary**

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

#### **Meetings of directors**

The number of meetings of the Responsible entity's Board of Directors held during the year ended 30 June 2021, and the number of meetings attended by each director was:

	<b>Full Board</b>	
	<b>Held</b>	<b>Attended</b>
Bernard C Rowley	2	1
Christopher T Burrell	4	3
Roger J Burrell	4	4
Gregory J Vickery	2	2
Frank J Finn	4	2

#### **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.

#### **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 9.

#### **Auditor**

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

**Burrell Smallcap Midcaps and Resources Trust**

**Directors' Report**

**30 June 2021**

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

A handwritten signature in black ink, appearing to read 'R Burrell', with a long horizontal stroke extending to the right.

**Roger J Burrell**  
Chairman

A handwritten signature in black ink, appearing to read 'Chris Burrell', with a long horizontal stroke extending to the right.

**Christopher T Burrell**  
Director

8 September 2021  
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 2021, 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



Liam Murphy  
PARTNER

Brisbane  
8 SEPTEMBER 2021

PKF Brisbane Audit ABN 33 873 151 348

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Brisbane | Rockhampton [www.pkf.com.au](http://www.pkf.com.au)

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

**Burrell Smallcaps Midcaps and Resources Trust**  
**Financial report**  
**30 June 2021**

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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 8 September 2021. 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 Jun 2021**

	<b>Note</b>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Revenue</b>	<b>4</b>	<b>41,179</b>	<b>61,357</b>
<b>Expenses</b>			
Accounting and audit fees		(1,661)	(1,628)
Legal expenses		(2,160)	(2,120)
Managed portfolio service fees		(17,105)	(16,681)
Secretarial expenses		(12,457)	(12,171)
Other expenses		-	(30)
<b>Profit attributable to unit holders</b>	<b>11</b>	<b>7,796</b>	<b>28,727</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Unrealised changes in the value of equity investments at fair value		500,394	(475,176)
Realised net fair value gain(loss) on equity investments at fair value		175,516	(225,004)
Other comprehensive income for the financial year, net of tax		675,910	(700,180)
<b>Total comprehensive income for the financial year attributable to the owners of Burrell Smallcaps Midcaps and Resources Trust</b>		<b>683,706</b>	<b>(671,453)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	19	0.28 ¢	1.03 ¢
Diluted earnings per unit	19	0.28 ¢	1.03 ¢

*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 2021**

	<b>Note</b>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	224,121	13,641
Trade and other receivables	6	2,268	4,949
Total current assets		<u>226,389</u>	<u>18,590</u>
<b>Non-current assets</b>			
Financial assets	7	2,158,749	1,688,691
Total non-current assets		<u>2,158,749</u>	<u>1,688,691</u>
<b>Total assets</b>		<u>2,385,138</u>	<u>1,707,281</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2,160	24,929
Total current liabilities		<u>2,160</u>	<u>24,929</u>
<b>Total liabilities</b>		<u>2,160</u>	<u>24,929</u>
<b>Net assets attributable to unitholders</b>		<u>2,382,978</u>	<u>1,682,352</u>
<b>Represented by:</b>			
Units on issue	9	2,609,386	2,561,041
Reserves	10	(170,535)	(846,445)
Accumulated profits(losses)	11	(55,873)	(32,244)
		<u>2,382,978</u>	<u>1,682,352</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**  
**For the financial year ended 30 June 2021**

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2019		2,594,522	(146,265)	(34,668)	2,413,589
Profit for the financial year		-	-	28,727	28,727
Other comprehensive income for the financial year		-	(700,180)	-	(700,180)
Total comprehensive income for the financial year		-	(700,180)	28,727	(671,453)

*Transactions with unitholders in their capacity as owners:*

Contributions of capital, net of transaction costs	9	14,898	-	-	14,898
Redemptions of units	9	(48,379)	-	-	(48,379)
Distributions paid or payable	12	-	-	(26,303)	(26,303)
Balance at 30 June 2020		<u>2,561,041</u>	<u>(846,445)</u>	<u>(32,244)</u>	<u>1,682,352</u>

	Note	Contributed equity	Reserves	Retained profits/ (Accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2020		2,561,041	(846,445)	(32,244)	1,682,352
Profit for the financial year		-	-	7,796	7,796
Other comprehensive income for the financial year		-	675,910	-	675,910
Total comprehensive income for the financial year		-	675,910	7,796	683,706

*Transactions with unitholders in their capacity as owners:*

Contributions of capital, net of transaction costs	9	97,294	-	-	97,294
Redemptions of units	9	(48,949)	-	-	(48,949)
Distributions paid or payable	12	-	-	(31,425)	(31,425)
Balance at 30 June 2021		<u>2,609,386</u>	<u>(170,535)</u>	<u>(55,873)</u>	<u>2,382,978</u>



**Burrell Smallcaps Midcaps and Resources Trust**  
**Statement of cash flows**  
**For the financial year ended 30 June 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Dividends received		33,430	56,099
Interest received		208	1,423
Trust distributions received		10,223	5,676
Payments to suppliers (inclusive of GST)		<u>(31,223)</u>	<u>(32,630)</u>
Net cash from/(used in) operating activities	18	<u>12,638</u>	<u>30,568</u>
<b>Cash flows from investing activities</b>			
Payments for financial securities		(1,137,234)	(686,284)
Proceeds from sale of financial securities		<u>1,343,086</u>	<u>659,127</u>
Net cash from/(used in) investing activities		<u>205,852</u>	<u>(27,157)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of units to unitholders	9	97,294	14,898
Payments for redemption of units	9	(48,950)	(48,379)
Distributions paid to unitholders		<u>(56,354)</u>	<u>(27,624)</u>
Net cash (used in)/from financing activities		<u>(8,010)</u>	<u>(61,105)</u>
Net increase/(decrease) in cash and cash equivalents		210,480	(57,694)
Cash and cash equivalents at the beginning of the financial year		<u>13,641</u>	<u>71,335</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>224,121</u></u>	<u><u>13,641</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 2021**

#### **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 director's 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 2 July 2014 and issued a product Disclosure Statement on 9 December 2014 in order to raise funds from retail investors.

The Financial Statements were authorised for issue on 8 September 2021 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 passive dividends and interest is recognised as it is received. Revenue from 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.

## **Burrell Smallcaps Midcaps and Resources Trust**

### **Notes to the financial statements**

**30 June 2021**

#### **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.

**Burrell Smallcaps Midcaps and Resources Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 2. Significant accounting policies (continued)**

**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.

**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.

## **Burrell Smallcaps Midcaps and Resources Trust**

### **Notes to the financial statements**

**30 June 2021**

#### **Note 2. Significant accounting policies (continued)**

##### **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.

##### **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 2020. 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.

**Burrell Smallcaps Midcaps and Resources Trust****Notes to the financial statements****30 June 2021****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.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the scheme based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the scheme 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 scheme unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*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.

**Note 4. Revenue**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Dividends	31,713	56,263
Interest	208	1,423
Trust income	<u>9,258</u>	<u>3,671</u>
Revenue	<u><u>41,179</u></u>	<u><u>61,357</u></u>

**Note 5. Current assets - cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u><u>224,121</u></u>	<u><u>13,641</u></u>

**Note 6. Current assets - trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Accrued income	2,268	4,949
Trade receivables	<u>-</u>	<u>-</u>
	<u><u>2,268</u></u>	<u><u>4,949</u></u>

**Burrell Smallcaps Midcaps and Resources Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 7. Non-current assets - financial assets**

	2021 \$	2020 \$
Equity investments at fair value	<u>2,158,749</u>	<u>1,688,691</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	1,688,691	2,338,122
Additions	1,137,234	686,284
Disposals	(1,167,570)	(860,539)
Revaluation increments/(decrements)	<u>500,394</u>	<u>(475,176)</u>
Closing fair value	<u>2,158,749</u>	<u>1,688,691</u>

Refer to Note 13 for further information on financial instruments.

**Note 8. Current liabilities - trade and other payables**

	2021 \$	2020 \$
Trade payables	2,160	-
Other payables	<u>-</u>	<u>24,929</u>
	<u>2,160</u>	<u>24,929</u>

**Note 9. Units on issue**

	2021 Units	2020 Units	2021 \$	2020 \$
Units on issue at year end	<u>2,815,860</u>	<u>2,753,577</u>	<u>2,609,386</u>	<u>2,561,041</u>

*Movements in unit capital*

	Date	No. of units	Price	\$
Balance	30 Jun 2019	2,799,832		2,594,522
Issue of new units from DRP	3 Oct 2019	17,734	\$0.84	14,898
Redemption of units	8 Nov 2019	(15,152)	\$0.84	(12,728)
Redemption of units	5 Mar 2020	(48,837)	\$0.73	(35,651)
Balance	30 Jun 2020	2,753,577		2,561,041
Issue of new units	4 Aug 2020	4,762	\$0.63	3,000
Issue of new units from DRP	21 Oct 2020	19,377	\$0.73	14,145
Issue of new units	31 Mar 2021	39,713	\$0.83	32,962
Issue of new units from DRP	15 Apr 2021	19,986	\$0.86	17,188
Redemption of units	12 May 2021	(58,140)	\$0.84	(48,950)
Issue of new units	26 May 2021	<u>36,585</u>	\$0.82	<u>30,000</u>
Balance	30 Jun 2021	<u>2,815,860</u>		<u>2,609,386</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 2021**

**Note 10. Equity - Reserves**

	2021	2020
	\$	\$
Fair value of equity investments revaluation reserve	(155,245)	(655,639)
Fair value of equity investments realised gains(losses) reserve	(15,290)	(190,806)
	<u>(170,535)</u>	<u>(846,445)</u>

*Movements in reserves*

	Revaluation reserve	Realised gains (losses) reserve	Total reserves
	\$	\$	\$
Balance at 01 July 2019	(180,463)	34,197	(146,266)
Revaluation - gross	(475,176)	-	(475,176)
Realised gains and losses	-	(225,003)	(225,003)
Balance at 30 June 2020	(655,639)	(190,806)	(846,445)
Revaluation - gross	500,394	-	500,394
Realised gains and losses	-	175,516	175,516
Balance at 30 June 2021	<u>(155,245)</u>	<u>(15,290)</u>	<u>(170,535)</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 - retained profits/(accumulated losses)**

	Note	2021	2020
		\$	\$
Retained profits(Accumulated losses) at the beginning of the financial year		(32,244)	(34,669)
Profit(loss) for the year		7,796	28,727
Distributions paid	12	<u>(31,425)</u>	<u>(26,302)</u>
Retained profits(Accumulated losses) at the end of the financial year		<u>(55,873)</u>	<u>(32,244)</u>

**Burrell Smallcaps Midcaps and Resources Trust****Notes to the financial statements****30 June 2021****Note 12. Equity - distributions***Distributions***Final distribution**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Final distribution paid or payable	-	24,929
Year ended	30/06/2021	30/06/2020
Cents per unit	.00 ¢	.91 ¢
Date paid or proposed		9/10/2020

**Interim distribution**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interim distribution paid	30,859	-
Half-year ended	31/12/2020	31/12/2019
Cents per share	1.11 ¢	0.00 ¢
Date paid	15/04/2021	N/A

<b>Under/(over) provision for previous financial year</b>	566	1,374
<b>Total distributions paid or payable</b>	<b>31,425</b>	<b>26,303</b>

**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 2021 over their cost, after allowing for selling costs was \$155 thousand (2020: \$656 thousand - decrease). A fall in the market values across the portfolio of 5% and 10% would reduce equity in the Scheme by approximately \$109 thousand and \$219 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 0.17% (2020: 3.35%).

**Burrell Smallcaps Midcaps and Resources Trust**  
**Notes to the financial statements**  
**30 June 2021**

**Note 13. Financial instruments (continued)**

**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 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.

# Burrell Smallcaps Midcaps and Resources Trust

## Notes to the financial statements

30 June 2021

### Note 14. Fair value measurements (continued)

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.

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 2021			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	7	2,072,223	-	-	2,072,223
units in unlisted entities	7	-	86,526	-	86,526
<b>Total financial assets recognised at fair value on a recurring basis</b>		2,072,223	86,526	-	2,158,749

		30 June 2020			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
at fair value through other comprehensive income					
shares in listed companies	7	1,663,442	-	-	1,663,442
units in unlisted entities	7	-	25,249	-	25,249
<b>Total financial assets recognised at fair value on a recurring basis</b>		1,663,442	25,249	-	1,688,691

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

Description	Valuation Technique(s)	Inputs Used	Fair Value at 30 June 2021 \$
<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	86,526

## Burrell Smallcaps Midcaps and Resources Trust

### Notes to the financial statements

30 June 2021

#### 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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and has become a significant matter around the globe. Management is monitoring these development and any potential future impact on the financial position and performance of the scheme. However, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 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/(used in) operating activities

	2021	2020
	\$	\$
Profit after income tax expense for the year	7,796	28,727
Adjustments for:		
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,842	1,841
Net cash from/(used in) operating activities	12,638	30,568

#### Note 19. Earnings per unit

	2021	2020
	\$	\$
Profit after income tax attributable to the owners of Burrell Smallcaps Midcaps and Resources Trust	7,796	28,727
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	2,801,716	2,787,622
Weighted average number of ordinary units used in calculating diluted earnings per unit	2,801,716	2,787,622
	Cents	Cents
Basic earnings per unit	0.28 ¢	1.03 ¢
Diluted earnings per unit	0.28 ¢	1.03 ¢

**Burrell Smallcaps Midcaps and Resources Trust****Notes to the financial statements****30 June 2021****Note 20. Related Parties - Director's 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:

	2021	2020
<b>Units held by Directors of the Responsible Entity</b>		
Mr C T Burrell	316,890	308,931
Mr C T Burrell (non-beneficial owner)	200,992	195,944
Mr R J Burrell	70,459	68,689
Prof F J Finn	-	-
Mr B C E Rowley	1,091	1,091
Mr G J Vickery	12,207	12,207
	<u>601,639</u>	<u>586,862</u>
Total Director's holdings of units	<u>601,639</u>	<u>586,862</u>

**Note 21. Related Parties - Director's 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:

	2021	2020
Acquisitions of units, including units issued under a Distribution Reinvestment Plan, rights issue or unit top-up plan	14,777	6,658
Redemptions of units	-	-
	<u>14,777</u>	<u>6,658</u>
Total Director's transactions in units	<u>14,777</u>	<u>6,658</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 \$25,154 brokerage paid by the Scheme to Burrell Stockbroking Pty Ltd during the year, and the amount of \$31,223 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.

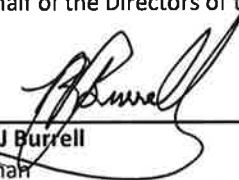
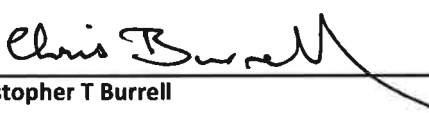
**Burrell Smallcaps Midcaps and Resources Trust**  
**Trustee's declaration**

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 2021 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

  
\_\_\_\_\_  
**Roger J Burrell**  
Chairman  
\_\_\_\_\_  
**Christopher T Burrell**  
Director

Brisbane  
8 September 2021

## 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 2021, 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 2021 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.

PKF Brisbane Audit ABN 33 873 151 348

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## 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



LIAM MURPHY  
PARTNER

BRISBANE  
8 SEPTEMBER 2021