

Financial Report

Hillview Properties Ltd

ABN 41 080 486 479

For the year ended 30 June 2020

Contents

3	Directors' Report
6	Auditor's Independence Declaration
7	Statement of Profit or Loss and Other Comprehensive Income
8	Statement of Financial Position
9	Statement of Cash Flows
10	Statement of Changes in Equity
11	Appropriation Statement
12	Notes to the Financial Statements
17	Director Declaration
18	Independent Auditor's Report

Directors' Report

Hillview Properties Ltd For the year ended 30 June 2020

The director(s) present their report on Hillview Properties Ltd for the financial year ended 30 June 2020.

Information on Director(s)

The names of each person who has been a director during the year and to the date of this report are:

Mr Simon Chesson

Mrs Jeanette Chesson

Ms Sara Crouch

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

INFORMATION ON DIRECTORS

At the date of this Annual Report, the Board of Directors have not established any specialist committees to take on specific roles and duties of the Board. As such, there are no special responsibilities assigned to any one Director.

The following information is provided in relation to the Directors of the Company:

Simon Chesson, Finance Director

M.B.A (UWA), CPA, CFP, B.Comm, C.S.M, F Fin

Mr Simon Chesson has been awarded the degrees of Master of Business Administration, and a Bachelor of Commerce. He is a qualified Certified Practising Accountant, a qualified Certified Financial Planner, and a fellow of Financial Service Institute of Australasia.

Mr Simon Chesson has over 20 years experience in business, accounting, and the property industry. He has extensive experience as a Director and company secretary of numerous public and private companies.

Jeanette Chesson, Director

Mrs Chesson has over 30 years experience in the property and financial services industries. She is a Director of several private companies and has extensive experience in property syndication and the administration of property trusts.

Sara Margaret Crouch, Director

Appointed on 23 December 2019

Ms Sara Crouch is a Director of Transport Engineering and Management Pty Ltd 'TEAM' located in South Australia. They are an engineering and management consultancy who provides solutions for the road transport industry and their suppliers with services and products.

DIRECTOR'S INTEREST

At the date of this Report, the Directors had the following number of shares in Hillview Properties Ltd Fund:

Ordinary Shares	Direct Holding	Indirect Holding
Simon Chesson	Nil	50,701
Jeanette Chesson	Nil	111,537
Sara Crouch	Nil	35,000

The Directors hold 10.00% indirectly of Ordinary shares on issue.

PREFERENCE SHARES

There are 6,033,783 Preference Shares held in Hillview Properties Limited. These Preference Shares are all owned by related entities controlled by Mrs Jeanette Chesson.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Company consisted of investment in properties.

The Company holds parcels of land located in Augusta, Western Australia.

OPERATING RESULTS

The profit/(loss) of the company after providing for income tax amounted to (\$19,790).

Dividends paid or declared since the start of the financial year are as follows:

No Dividends were paid in the financial year.

REVIEW OF OPERATIONS

Current Status:

The Directors recently obtained a valuation for the property of in excess of \$14m. The financials for 30 June 2020 reflect that valuation.

Future of Properties & the Fund:

The future of the properties, in the opinion of the Directors, is as follows:

- (i) The existing zoning allows for low impact tourism. There is currently very little tourism in Augusta, and the property is adjacent to the Augusta Golf Course;
- (ii) A full rezoning to allow for full urban development as was proposed in the original PDS is unlikely to occur for another 10 years.

PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this Report, there are no proceedings on behalf of the company.

ENVIRONMENTAL ISSUES

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various license requirements and regulations. The Directors are not aware of any breaches to these requirements and to their best knowledge, all activities have been undertaken in compliance with the environmental requirements.

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

Director:  _____
Simon Chesson

Dated: 30th October 2020



T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

TO THE DIRECTORS OF HILLVIEW PROPERTIES LIMITED

I declare that, to the best of my knowledge and belief, during year ended 30 June 2020 there have been:

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

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS

Director

Dated this 30 October 2020 at Perth, Western Australia

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Armada Audit Assurance Pty Ltd - ABN 52 618 974 119. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

Hillview Properties Ltd For the year ended 30 June 2020

	NOTES	2020	2019
Other Income			
Gain on disposal of assets		6,501	-
Interest income	3	3	1
Total Other Income		6,504	1
Total Income			
		6,504	1
Expenses			
Other Expenses	5	4,854	2,346
Property Expenses	4	21,440	27,072
Total Expenses		26,294	29,418
(Loss) before Prior Year Losses		(19,790)	(29,418)
(Loss) before Taxation		(19,790)	(29,418)
Net Loss After Tax		(19,790)	(29,418)
Total Comprehensive (Loss) for the year		(19,790)	(29,418)

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Financial Position

Hillview Properties Ltd

As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
Assets			
Current Assets			
Cash and Cash Equivalent	6	7,544	857
Total Current Assets		7,544	857
Non-Current Assets			
Property Investment	7	14,001,556	14,001,556
Planning & Development		200,978	200,978
Total Non-Current Assets		14,202,534	14,202,534
Total Assets		14,210,078	14,203,391
Liabilities			
Trade Creditors and Other Payables			
Trade and other payables		1,577	1,100
Total Trade Creditors and Other Payables		1,577	1,100
Non-Current Liabilities			
Interest Bearing Liabilities		4,321,320	4,295,320
Total Non-Current Liabilities		4,321,320	4,295,320
Total Liabilities		4,322,897	4,296,420
Net Assets		9,887,181	9,906,971
Equity			
Current Year Earnings		(19,790)	(29,418)
Retained Earnings		(38,812)	(9,394)
Share Capital			
Preference Shares	8	6,033,783	6,033,783
Ordinary Share Capital	8	3,912,000	3,912,000
Total Share Capital		9,945,783	9,945,783
Total Equity		9,887,181	9,906,971

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Cash Flows

Hillview Properties Ltd For the year ended 30 June 2020

	2020	2019
Cash Flows from Operating Activities		
Interest Received	3	1
Cash Receipts From Other Operating Activities	7,150	-
Cash Payments From Other Operating Activities	(26,466)	(29,418)
Net Cash Flows from Operating Activities	(19,313)	(29,418)
Cash Flows from Financing Activities		
Loans from Related Parties	26,000	30,274
Net Cash Flows from Financing Activities	26,000	30,274
Net Cash Flows	6,687	857
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	857	-
Cash and cash equivalents at end of period	7,544	857
Net change in cash for period	6,687	857

Statement of Changes in Equity

Hillview Properties Ltd

For the year ended 30 June 2020

	ISSUED CAPITAL	PREFERENCE SHARES	RETAINED EARNINGS (ACCUMULATED LOSSES)	NON- CONTROLLING INTEREST	TOTAL
	\$	\$	\$	\$	\$
Balance as at 1 July 2018	3,912,000	6,033,783	(9,394)	-	9,936,389
Profit/Loss for the year	-	-	(29,418)	-	(29,418)
Total Comprehensive income for the year	-	-	-	-	9,906,971
Ordinary Shares issued during the year	-	-	-	-	-
Preference Shares issued during the year	-	-	-	-	-
Dividends Paid or Provided	-	-	-	-	-
Balance as at 30/6/2019	3,912,000	6,033,783	(38,812)	-	9,906,971
Balance as at 1 July 2019	3,912,000	6,033,783	(38,812)	-	9,906,971
Profit/Loss for the year	-	-	(19,790)	-	(19,790)
Total Comprehensive income For the year	-	-	-	-	9,887,181
Ordinary Shares issued during the year	-	-	-	-	-
Preference Shares issued during the year	-	-	-	-	-
Dividends Paid or Provided	-	-	-	-	-
Balance as at 30/6/2020	3,912,000	6,033,783	(58,602)	-	9,887,181

Appropriation Statement

Hillview Properties Ltd

For the year ended 30 June 2020

	NOTES	2020	2019
Retained Earnings after Appropriation			
Retained Earnings at Start of Year		(38,812)	(9,394)
Profit/(Loss) Before Taxation		(19,790)	(29,418)
Retained Earnings After Appropriation		(58,602)	(38,812)

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Notes to the Financial Statements

Hillview Properties Ltd For the year ended 30 June 2020

The financial statements cover the business of Hillview Properties Ltd and have been prepared to meet the needs of stakeholders and to assist in the preparation of the tax return. Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. Statement of Significant Accounting Policies

2a. Revenue recognition

Rent

Rent is brought to account on a cash basis.

Interest

Interest is brought to account on an accruals basis and, if not received at the balance date, is reflected in the Statement of Financial Position as a receivable.

Disposal of assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the proceeds on disposal and is included in the Income Statement in the year of disposal.

2b. Expenses

Property expenses

Property expenses include rates, taxes, repairs and maintenance, and other property outgoings incurred in relation to the investment properties, where such expenses are the responsibility of the company.

Borrowing costs

Borrowing costs include interest expense and other costs incurred in respect of obtaining finance.

Management fees

In accordance with the provisions of the company constitution, the company has engaged a party related to the Directors to manage the company on the same basis on the management fees. The company is entitled to charge up to 1.1% including GST, of the gross asset value of the company for annual management and administration of the company. For the year ending 30 June 2020, the management fees agreed to withhold charging the management fee until the company generates a profit.

These notes should be read in conjunction with the attached compilation report.

Pursuant to the constitution, the management fees is responsible to reimburse pocket expenses, management accounting and general compliance costs.

2c. Taxation

The income tax expense for the year comprises current income tax expense. The company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2020. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

2d. Lands

External valuations of the individual investments are carried out in accordance with the company constitution. Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

2e. Cash

For the purposes of the CashFlow Statement, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

	2020	2019
3. Revenue from Shares Activities		
Revenue		
Interest Received	3	1
Total Revenue	3	1
Total Revenue from Shares Activities	3	1
	2020	2019
4. Property Expenses		
Council rates	11,231	10,804
Land Tax	6,412	6,733
Other property expenses	3,797	9,536
Total Property Expenses	21,440	27,072
	2020	2019
5. Other Expenses From Ordinary Activities		
Other Expenses	4,854	2,346
Total Other Expenses From Ordinary Activities	4,854	2,346
	2020	2019
6. Cash and Cash Equivalents		
Current		
Bank Accounts	7,544	857
Total Current	7,544	857
Total Cash and Cash Equivalents	7,544	857

These notes should be read in conjunction with the attached compilation report.

2020

2019

7. Investments in Property

Land at fair value

Lot 1393, Augusta	2,500,000	2,500,000
Lot 814, Augusta	11,500,000	11,500,000
Acquisition Costs	1,556	1,556
Total Land at fair value	14,001,556	14,001,556
Total Investments in Property	14,001,556	14,001,556

Property Valuation

Valuer's name and qualifications – C Loughnan, AAPI, Licensed Valuer No. 440, of Burgess Rawson Valuations of investment properties – The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current process in an active market for similar properties in the same location and condition and subject to similar leases.

		Cost including		Valuation		Book Value	
	ACQ	Acquisition	Date	Amount	Valuer	2020	
	Costs						
Property		\$		\$		\$	
Parent entity							
Lot 814 Hillview Rd,	28 March 2018	11,500,000	24 June 2017	11,500,000	C Loughnan	11,500,000	
Augusta							
Lot 1393 Creswell Rd,	28 March 2018	2,500,000	24 June 2017	2,500,000	C Loughnan	2,500,000	
Augusta							
Total investment		14,000,000		14,000,000		14,000,000	
properties							

Properties independently valued in the past 12 months were based on independent assessments by a member of the Australian Property Institute.

Properties not independently valued during the past 12 months are carried at directors' valuation or cost at 30 June 2020. All other properties are carried at independent valuation plus capital expenditure incurred since the date of valuation.

These notes should be read in conjunction with the attached compilation report.

8. Equity - Shareholder Account

Ordinary Shares	2020	2019
a Value of shares		
Opening balance	3,912,000	3,912,000
Shares issued during the year	-	-
Shares redeemed during the year	-	-
Closing balance	3,912,000	3,912,000
b Number of shares		
Opening balance	3,912,000	3,912,000
Shares issued during the year	-	-
Shares redeemed during the year	-	-
Closing balance	3,912,000	3,912,000
Redeemable Preference Shares		
a Value of shares		
Opening balance	6,033,783	6,033,783
Shares issued during the year	-	-
Shares redeemed during the year	-	-
Closing balance	6,033,783	6,033,783
b Number of shares		
Opening balance	6,033,783	6,033,783
Shares issued during the year	-	-
Shares redeemed during the year	-	-
Closing balance (The redeemable preference shares are redeemable at the directors of the company)	6,033,783	6,033,783

These notes should be read in conjunction with the attached compilation report.

9. Subsequent Events - Covid-19

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the Coronavirus (COVID-19) pandemic, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements, the Directors are unable to determine what financial effects of the outbreak of the virus could have on the company in the coming financial period. No financial effects arising from the economic impacts of the virus have been included in the financial statements for the year ended 30 June 2020. The impacts may include a significant reduction in the carrying value of the company assets and investments. The Directors acknowledge their responsibility to continuously monitor the situation and evaluate this impact including whether the company remains a going concern and its ability to pay its liabilities.

These notes should be read in conjunction with the attached compilation report.

Director Declaration

Hillview Properties Ltd For the year ended 30 June 2020

In accordance with a resolution of the directors of Hillview Properties Ltd, the directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the *Corporation Act 2001* and:

(a) comply with Australia Accounting Standards: and

(b) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director: _____

Simon Chesson

Date: 30th October 2020



ARMADA
AUDITING

T (08) 6165 4090 **F** (08) 6165 4067
A 18 Sangiorgio Court, Osborne Park WA 6017
P Locked Bag 4, Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HILLVIEW PROPERTIES LIMITED

Opinion

We have audited the special purpose financial report of Hillview Properties Limited ("the company") which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; 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 are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU



ARMADA
AUDITING

T (08) 6165 4090 **F** (08) 6165 4067
A 18 Sangiorgio Court, Osborne Park WA 6017
P Locked Bag 4, Osborne Park DC WA 6916
E info@armada.com.au

strength in numbers

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/auditors_responsibilities/ar4.pdf. This description forms part of this auditor's report.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS
DIRECTOR

Perth, 30 October 2020

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

2