Altitude Brighton Unit Trust

Special purpose financial report for the year ended 30 June 2015

Altitude Brighton Unit Trust
Special purpose financial report - 30 June 2015

Contents

The directors of Altitude Brighton Pty Ltd, the Trustee of Altitude Brighton Unit Trust, present their report on the financial statements of the Trust for the year ended 30 June 2015.

Directors

The following persons were directors of the Trustee company during the whole of the financial year and up to the date of this report:

Robert Alexander Barber

David John Stevens was a director from the beginning of the financial year until his resignation on 9 October 2015.

Principal activities

During the year the principal continuing activities of the Trust consisted of operating a car dealership.

Review of operations

The loss from ordinary activities after income tax amounted to $324,343 (2014 loss: $362,917).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Trust during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected the Trust's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The directors expect that the Trust will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which they wish to disclose at this time.

Environmental regulation

The Trust is not affected by any significant environmental regulation in respect of its operations.

This report is made in accordance with a resolution of directors.

Robert Alexander Barber
Director

14/9 2016

Altitude Brighton Unit Trust
Special purpose financial report - 30 June 2015

Contents

These financial statements are the financial statements of Altitude Brighton Unit Trust as an individual entity. The financial statements are presented in Australian currency.

Altitude Brighton Unit Trust is a unit trust established in Australia. Its registered office and principal place of business is:

Altitude Brighton Unit Trust
913 Nepean Highway
Bentleigh VIC 3204

A description of the nature of the entity's operations and its principal activities is included in the Trustees' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors of the Trustee on 14/9/ 2016. The directors have the power to amend and reissue the financial statements.

Altitude Brighton Unit Trust
Statement of comprehensive income
For the year ended 30 June 2015

	Notes	Unaudited 2015 $	Unaudited 2014 $
Revenue from continuing operations	3	**20,227,446**	22,856,225
Changes in inventories of finished goods		**(1,246,717)**	-
Raw materials and consumables used		**(16,253,453)**	(19,997,344)
Employee benefits expense		**(1,505,684)**	(1,615,211)
Depreciation and amortisation expense	4	**(35,200)**	(31,559)
Other expenses		**(965,539)**	(926,185)
Rental and occupancy expenses		**(367,583)**	(363,655)
Finance expenses	4	**(177,613)**	(285,188)
(Loss) for the year		**(324,343)**	(362,917)
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (loss) for the year		**(324,343)**	(362,917)
Undistributed accumulated net losses at the beginning of the financial year		**(669,938)**	(307,021)
Total available for distribution		**(994,281)**	(669,938)
Distribution		**-**	-
Undistributed accumulated net losses at the end of the financial year		**(994,281)**	(669,938)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Altitude Brighton Unit Trust
Statement of financial position
As at 30 June 2015

	Notes	2015 $	Unaudited 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**331,285**	682,392
Trade and other receivables	6	**1,104,917**	1,152,019
Inventories	7	**3,117,515**	4,379,223
Total current assets		**4,553,717**	6,213,634
Non-current assets			
Property, plant and equipment	8	**503,895**	519,806
Other non-current assets	9	**7,043**	7,043
Total non-current assets		**510,938**	526,849
Total assets		**5,064,655**	6,740,483
LIABILITIES			
Current liabilities			
Trade and other payables	10	**682,769**	629,057
Borrowings	11	**4,746,899**	6,336,560
Deferred revenue	12	**251,882**	-
Provisions	13	**100,911**	100,911
Total current liabilities		**5,782,461**	7,066,528
Non-current liabilities			
Borrowings	14	**92,951**	180,708
Provisions	15	**33,524**	13,185
Total non-current liabilities		**126,475**	193,893
Total liabilities		**5,908,936**	7,260,421
Net (liabilities)		**(844,281)**	(519,938)
EQUITY			
Settlement sum	16	**150,000**	150,000
(Accumulated losses)	17	**(994,281)**	(669,938)
Total equity		**(844,281)**	(519,938)

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

Altitude Brighton Unit Trust
Statement of changes in equity
For the year ended 30 June 2015

	Settlement sum $	(Accumulated losses) $	Total equity $
Balance at 1 July 2013 Unaudited	150,000	(307,021)	(157,021)
(Loss) for the year unaudited	-	(362,917)	(362,917)
Other comprehensive income unaudited	-	-	-
Total comprehensive income for the year unaudited	**-**	**(362,917)**	**(362,917)**
Balance at 30 June 2014 unaudited	**150,000**	**(669,938)**	**(519,938)**
Balance at 1 July 2014 Unaudited	150,000	(669,938)	(519,938)
(Loss) for the year unaudited	-	(324,343)	(324,343)
Other comprehensive income unaudited	-	-	-
Total comprehensive income for the year	**-**	**(324,343)**	**(324,343)**
Balance at 30 June 2015	**150,000**	**(994,281)**	**(844,281)**

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Altitude Brighton Unit Trust.

(a) Basis of preparation

(i) Special purpose financial report

The Trust does not have a statutory requirement to prepare financial statements in accordance with Australian Accounting Standards and in the directors of the trustees' opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared to assist Altitude Brighton Unit Trust to meet the information requirements of the unitholders for internal purposes in association with the sale of the business assets of the Trust. The directors of the trustee have determined that the accounting policies outlined below are appropriate to meet the needs of the unitholders for this purpose.

The financial report has been prepared in accordance with the following accounting policies.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except certain assets which, as noted, are at fair value.

(iii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The Trust has not elected to apply any pronouncements before its operative date in the annual reporting period beginning 1 July 2014.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Trust. The Trust's assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the Trust's financial statements in the period of initial application.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Trust are measured using the currency of the primary economic environment in which the Trust operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Altitude Brighton Unit Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Trust's activities as described below. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

Sale of motor vehicles and spare parts

Revenue for the sale of motor vehicles and spare parts is recognised when the buyer has accepted the risks and rewards of ownership by taking delivery of the motor vehicles and spare parts.

Service

Revenue is recognised at the point where a service has been provided to the customer.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

The benefit of imputation credits and foreign tax paid are passed on to unitholders. Income tax payable is only recognised by the Trust if in the financial year the Trust has recognised a net loss for accounting purposes, however is in a taxable income position.

A tax liability is recognised based on the highest marginal tax rate applied to the balance of taxable income.

(e) Leases

Leases of property, plant and equipment where the Trust, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Trust will obtain ownership at the end of the lease term.

1 Summary of significant accounting policies (continued)

(e) Leases (continued)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Trust as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Inventories

Inventory is stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory based on actual stock costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

1 Summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method and diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings	40 years
- Furniture, fittings and equipment	5 - 20 years
- Plant and equipment	5 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Trust policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

1 Summary of significant accounting policies (continued)

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Trust's accounting policies.

3 Revenue

	Unaudited 2015 $	Unaudited 2014 $
From continuing operations		
Sales revenue		
Sales of new vehicles	**11,697,213**	12,500,343
Sales of used vehicles	**5,091,786**	6,948,725
Sales of parts	**1,335,907**	1,328,403
Services income	**1,877,622**	1,818,163
	20,002,528	22,595,634
Other revenue		
Interest	**1,232**	1,372
Other revenue	**223,686**	259,219
	224,918	260,591
Total revenue from continuing operations	**20,227,446**	22,856,225

4 Expenses

	Unaudited 2015 $	Unaudited 2014 $
Depreciation	**35,200**	41,514
Expense for annual leave and long service leave provision recognised for the first time at 30 June 2014	-	114,096
Expense for commissions recognised for the first time at 30 June 2014	-	29,607
Finance costs		
Interest and finance charges paid/payable	**177,613**	285,188
	177,613	285,188

5 Current assets - Cash and cash equivalents

	2015 $	Unaudited 2014 $
Cash on hand	**400**	400
Cash at bank	**285,797**	638,136
Deposits at call	**45,088**	43,856
	331,285	682,392

6 Current assets - Trade and other receivables

	2015 $	Unaudited 2014 $
Trade receivables	**920,424**	900,150
Other receivables	**73,257**	136,562
Prepayments	**52,597**	50,484
Warranty receivable	**58,639**	64,823
	1,104,917	1,152,019

7 Current assets - Inventories

	2015 $	Unaudited 2014 $
Stock on hand - at net realisable value	**3,117,515**	4,379,223

8 Non-current assets - Property, plant and equipment

	Freehold buildings $	Plant and equipment $	Furniture, fittings and equipment $	Total $
At 30 June 2014 unaudited				
Cost	394,612	59,680	179,167	633,459
Accumulated depreciation	(41,722)	(14,413)	(57,518)	(113,653)
Net book amount	352,890	45,267	121,649	519,806
At 30 June 2015				
Cost	394,612	65,420	193,216	653,248
Accumulated depreciation	(52,143)	(20,473)	(76,737)	(149,353)
Net book amount	342,469	44,947	116,479	503,895

9 Non-current assets - Other non-current assets

	2015 $	Unaudited 2014 $
Formation costs	**1,210**	1,210
Security bond	**5,833**	5,833
	7,043	7,043

10 Current liabilities - Trade and other payables

	2015 $	Unaudited 2014 $
Trade payables	**288,916**	420,596
Accrued expenses	**353,601**	185,020
Provision for future service of sold vehicles	**40,252**	23,441
	682,769	629,057

11 Current liabilities - Borrowings

	2015 $	Unaudited 2014 $
Secured		
Chattel mortgage - Macquarie	**45,950**	-
Lease liabilities (note 19)	**13,227**	18,582
Floorplan facility	**3,664,052**	5,162,475
Total secured current borrowings	**3,723,229**	5,181,057
Unsecured		
Loans from related parties - Barber	**112,115**	151,191
Loans from related parties - Stevens	**911,555**	1,004,312
Total unsecured current borrowings	**1,023,670**	1,155,503
Total current borrowings	**4,746,899**	6,336,560

12 Current liabilities - Deferred revenue

	2015 $	Unaudited 2014 $
Vehicle deposits	**251,882**	-

13 Current liabilities - Provisions

	2015 $	Unaudited 2014 $
Employee benefits (a)	**100,911**	100,911

(a) Leave obligations

The leave obligations cover the Trust's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments. The entire amount of the provision of $100,911 (2014: $100,911) is presented as current, since the Trust does not have an unconditional right to defer settlement for any of these obligations. Based on past experience, the Trust does expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

14 Non-current liabilities - Borrowings

	2015 $	Unaudited 2014 $
Secured		
Chattel mortgage - Macquarie	**50,175**	124,130
Lease liabilities	**42,776**	56,578
Total secured non-current borrowings	**92,951**	180,708

15 Non-current liabilities - Provisions

	2015 $	Unaudited 2014 $
Employee benefits - long service leave	**33,524**	13,185

16 Settlement sum

	2015 $	Unaudited 2014 $
Settlement sum	**150,000**	150,000

17 Accumulated losses

Movements in accumulated losses were as follows:

	2015 $	Unaudited 2014 $
Balance 1 July	**(669,938)**	(307,021)
Net (loss) for the year	**(324,343)**	(362,917)
Balance 30 June	**(994,281)**	(669,938)

18 Contingent liabilities and contingent assets

The Trust had no contingent liabilities at 30 June 2015 (2014: nil).

19 Commitments

(a) Lease commitments: group as lessee

(i) Non-cancellable operating leases

	2015 $	Unaudited 2014 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**246,009**	265,466
Later than one year but not later than five years	**359,640**	605,649
	605,649	871,115

20 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations or the state of affairs of the Trust or economic entity in subsequent financial years.

Altitude Brighton Unit Trust
Trustees' declaration
30 June 2015

As stated in note 1(a) to the financial statements, in the opinion of the directors of the Trustee, the Trust is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared for internal purposes.

The financial report has been prepared in accordance with accounting policies described in note 1.

In the directors' opinion:

(a) the financial statements and notes set out on pages 2 to 16:

(i) complying with accounting policies described in Note 1; and

(ii) present fairly the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors, for and on behalf of the Trustee, Altitude Brighton Pty Ltd

Robert Alexander Barber
Director

14/9/2016

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Independent auditor's report to the unitholders of Altitude Brighton Unit Trust

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Altitude Brighton Unit Trust (the trust), which comprises the statement of financial position as at 30 June 2015, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

Trustee's responsibility for the financial report

The director of the trustee is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1 to the financial statements, which forms part of the financial report, is appropriate to meet the information requirements of the unitholders for internal purposes in association with the sale of the business assets of the Trust.

The director of the trustee's responsibility also includes such internal control as the director determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

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

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Basis for qualified opinion

We were formally appointed as auditor of the entity on 15 August 2016 and thus did not observe the counting of the physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2015.

Qualified auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial report presents fairly, in all material respects the financial position of the trust as at 30 June 2015 in accordance with the accounting policies described in Note 1 to the financial statements.

Other Matter

The entity was not required to prepare or lodge an audited financial report for the year ended 30 June 2014. The comparative amounts for the year ended 30 June 2014 and the statement of comprehensive income for the year ended 30 June 2015 included in the financial report are therefore unaudited.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Altitude Brighton Unit Trust to meet the information requirements of the unitholders for internal purposes in association with the sale of the business assets of the Trust.

As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of Altitude Brighton Unit Trust and should not be distributed to or used by parties other than Altitude Brighton Unit Trust and the unitholders.

PricewaterhouseCoopers

Daniel Rosenberg
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Melbourne
14 September 2016