



## **Penrith Property Syndicate**

Financial Report

for the financial year ended 30 June 2010

**FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

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## DIRECTORS' DECLARATION

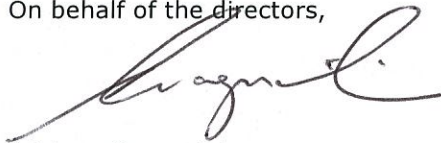
The directors of Austgrowth Property Syndicates Limited as the Responsible Entity of the Fund have determined that the fund is not a reporting entity and that this special purpose Financial Report should be prepared in accordance with the accounting policies described in note 3 to the financial statements.

The directors of the responsible entity declare that:

1. The financial statements and notes, as set out on pages 6 to 17, are in accordance with the Corporations Act 2001 and:
  - (a) comply with accounting policies described in note 3 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Fund;
2. In the directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Austgrowth Property Syndicates Limited made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors,



Adriano Cagnolini,  
Director, Austgrowth Property Syndicates Limited  
Brisbane, 16 September 2010



The Board of Directors  
Austgrowth Property Syndicates Limited  
Level 15, 12 Creek Street  
Brisbane QLD 4000

16 September 2010

Dear Board Members

**AUSTGROWTH PROPERTY SYNDICATES LIMITED  
AS THE RESPONSIBLE ENTITY FOR PENRITH PROPERTY SYNDICATE**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Austgrowth Property Syndicates Limited as the responsible entity for Penrith Property Syndicate.

As lead audit principal for the audit of the financial statements of Penrith Property Syndicate for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely

*WHK Horwath Sydney*

**WHK HORWATH SYDNEY**

*R. Wong Pitt Chang*

**ROGER WONG**  
Principal

*Total Financial Solutions*



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## **INDEPENDENT AUDIT REPORT TO THE INVESTORS OF PENRITH PROPERTY SYNDICATE**

### **Report on the financial report**

We have audited the accompanying financial report, being a special purpose financial report of Penrith Property Syndicate, which comprises the balance sheet as at 30 June 2010, the income statement, statement of change in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### **Directors' responsibility for the financial report**

The directors of Austgrowth Property Syndicates Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 3 to the financial statements, which form part of the financial report are consistent with financial reporting requirement of the Syndicate's constitution and are appropriate to meet the needs of investors. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 3, are appropriate to meet the needs of the investors. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 judgment, 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 syndicate's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to investors for the purpose of fulfilling the directors' financial reporting under the syndicate's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the investors, or for any purpose other than that for which it was prepared.

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

**INDEPENDENT AUDIT REPORT TO THE INVESTORS  
OF PENRITH PROPERTY SYNDICATE**

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Auditor's opinion on the financial report**

In our opinion, the financial report presents fairly, in all material respects the financial position of Penrith Property Syndicate as at 30 June 2010 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 3 to the financial statements.

**Inherent uncertainty regarding continuation as a going concern**

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As indicated at Note 1 to the financial statements, the financial report has been prepared on a going concern basis as the directors believe that the Syndicate will be able to pay its debts as and when they fall due and payable. Notwithstanding the deficit of current assets over current liabilities, the financial report has been prepared on a going concern basis as the directors are of the opinion that the Syndicate will:

- have sufficient cash reserves to continue to meet its liabilities as and when they fall due;
- generate sufficient future operating cash flows to support its ongoing operations;
- satisfactorily complete negotiations with financial institutions to renew or refinance its loan obligations.

*WHK Horwath Sydney*

**WHK HORWATH SYDNEY**

*R. Wong Pitt Chow*

**ROGER WONG**  
**Principal**

Dated this 16<sup>th</sup> day of September 2010.

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
<b>Investment Income</b>			
Net rental income		619,887	693,373
Interest income		10,181	2,848
Other income		-	1,548
Impairment (loss) / reversal of investment property		1,000,000	(1,679,893)
<b>Total Investment Income</b>		<u>1,630,068</u>	<u>(982,124)</u>
<b>Expenses</b>			
Auditors' remuneration		2,500	3,315
Bank fees		178	352
Finance costs		196,352	250,489
Professional fees		32,996	13,214
Marketing and advertising		999	497
Valuation Fees		14,027	1,500
Management fees paid to responsible entity		15,428	15,942
Property management fees		3,994	9,188
Other		-	101
<b>Total Expenses</b>		<u>266,474</u>	<u>294,598</u>
<b>Operating Profit / (Loss) for the Year</b>		<u>1,363,594</u>	<u>(1,276,722)</u>
<b>Finance Costs Attributable to Unit holders</b>			
Distributions to unitholders	12	229,519	365,886
<b>Net Profit for the Year</b>		<u>1,134,075</u>	<u>(1,642,608)</u>
Other comprehensive income for the year		-	-
<b>Total Comprehensive Profit for the Year</b>		<u>1,134,075</u>	<u>(1,642,608)</u>

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

**BALANCE SHEET  
AS AT 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	227,306	103,630
Trade and other receivables	6	7,917	18,348
<b>Total Current Assets</b>		<u>235,223</u>	<u>121,978</u>
<b>Non-Current Assets</b>			
Investment property	7	7,000,000	6,000,000
<b>Total Non-Current Assets</b>		<u>7,000,000</u>	<u>6,000,000</u>
<b>Total Assets</b>		<u>7,235,223</u>	<u>6,121,978</u>
<b>Current Liabilities</b>			
Trade and other payables	8	10,139	19,017
Other current liabilities	9	89	89
Interest bearing liabilities	10	3,713,049	3,725,000
<b>Total Current Liabilities</b>		<u>3,723,277</u>	<u>3,744,106</u>
<b>Total Liabilities</b>		<u>3,723,277</u>	<u>3,744,106</u>
<b>Net Assets</b>		3,511,946	2,377,872
Liabilities attributable to unitholders	11	<u>(3,511,946)</u>	<u>(2,377,872)</u>
<b>Net Assets</b>		<u><u>-</u></u>	<u><u>-</u></u>

The above balance sheet should be read in conjunction with accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Unit holder's Funds \$</b>	<b>30 June 2010 Undistributed Income \$</b>	<b>Total Equity \$</b>	<b>Unit holder's Funds \$</b>	<b>30 June 2009 Undistributed Income \$</b>	<b>Total Equity \$</b>
<b>Opening Balance</b>	-	-	-	-	-	-
Net profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
<b>Transactions with Owners in their capacity as Owners</b>						
Distributions paid	-	-	-	-	-	-
<b>Closing Balance</b>	-	-	-	-	-	-

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As the Fund has no equity, the Fund has not included any items of recognised income and expense for the current or comparative period.

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

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
<b><i>Cash Flows from Operating Activities</i></b>			
Gross rent income		912,942	927,075
Interest received		10,181	2,848
Payments to suppliers (including property outgoings)		(361,624)	(274,509)
Interest and other costs of finance paid		(208,304)	(240,372)
<b>Net Cash Provided by Operating Activities</b>	13(b)	<u>353,195</u>	<u>415,042</u>
<b><i>Cash Flows from Financing Activities</i></b>			
Distributions made to unit holders		(229,519)	(365,886)
<b>Net Cash Used in Financing Activities</b>		<u>(229,519)</u>	<u>(365,886)</u>
<b>Net increase in cash and cash equivalents</b>		<u>123,676</u>	<u>49,157</u>
<b>Cash and cash equivalents at beginning of the financial year</b>		<u>103,630</u>	<u>54,473</u>
<b>Cash and cash equivalents at end of the financial year</b>	13(a)	<u><u>227,306</u></u>	<u><u>103,630</u></u>

The above cash flow statement should be read in conjunction with accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. Statement of compliance and basis of preparation

Penrith Property Syndicate ("the Fund") is a non-registered managed investment scheme. These financial statements are a special purpose financial report which has been prepared for use by directors and investors of the Fund. The Directors have determined that the Fund is not a reporting entity because there are no users' dependant on these general purpose financial statements.

These financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of investors.

Further, in accordance with ASIC Class Order CO 05/639, where practical the Fund applies the recognition and measurement criteria of all the Accounting Standards as if it were an eligible reporting entity. This ensures that the information presented in this report reflects a true and fair representation of the financial performance and position of the Fund.

The financial statements are been prepared on the basis of fair value, except for investment properties which have been presented at cost. Cost is based on the fair values of the consideration given in exchange for assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### 2. Financial Statement presentation

The Fund has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Fund had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

### 3. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Fund in the preparation of these financial statements. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of cash at hand, cash at bank and short-term deposits that are readily convertible into cash. The Fund considers a short-term deposit to have a maturity of three months or less and be subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand and at bank, short-term deposits (as outlined above) net of any bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 3. Summary of significant accounting policies (continued)

#### (b) Trade and other receivables

Trade receivables, which generally have a 14-28 day term, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund may not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the difference between the receivable carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

#### (c) Financial instruments

##### *(i) Classification*

The Fund's investments are classified as at fair value through profit or loss. They comprise of:

##### *Financial instruments at fair value through profit or loss*

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

##### *(ii) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

##### *(iii) Measurement*

##### *Financial assets and liabilities held at fair value through profit or loss*

Financial assets and liabilities held at fair value through profit or loss are measured initially and subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise.

##### *Loans and receivables*

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 3. Summary of significant accounting policies (continued)

#### (c) Financial instruments (continued)

If evidence of impairment exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

#### (d) Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost, which is based on the original cost of the asset. The fair value of investment property is disclosed separately in the notes with evaluations of fair value being conducted periodically but at least triennially by external independent valuers who apply the International Valuation Standards as issued by the International Valuations Standards Committee.

Investment property is derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

#### (e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership, but not the legal ownership, to the lessee. All other leases are classified as operating leases.

##### *(i) Fund as lessor*

Leases in which the Fund retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Income from operating leases is recognised on a straight line basis over the term of the lease, unless another more systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 3. Summary of significant accounting policies (continued)

#### (e) Leases (continued)

##### (ii) Lease incentives

Incentives such as cash, rent free periods or contributions towards lessee or lessor owned fit outs, may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised over the term of the lease as a reduction in rental income on a straight line basis.

#### (f) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (g) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### Borrowing costs

Borrowing costs are recognised as an expense when incurred, except to the extent that they are incurred in the acquisition or construction of qualifying assets. Borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

#### (h) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Fund expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**3. Summary of significant accounting policies (continued)**

**(i) Investment Income**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Interest income*

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*(ii) Rental income*

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

**(j) Income tax and other taxes**

*(i) Income Taxes*

Under current income tax legislation the Fund is not liable to pay income tax provided that the taxable income and taxable realised gains are fully distributed to unitholders each year.

*(ii) Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**4. New accounting standards and interpretations**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the Fund has decided not to early adopt. As the Fund is a non-reporting entity it applies only the material measurement and recognition criteria prescribed by the AASBs. These new, revised and amended standards and interpretations do not materially affect the measurement and recognition of the Fund's transactions.

**5. Cash and cash equivalents**

	<b>30-Jun-2010</b>	<b>30-Jun-2009</b>
	\$	\$
Cash at bank	227,306	103,630
	227,306	103,630
	227,306	103,630

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>6. Other current assets</b>	<b>30-Jun-2010</b>	<b>30-Jun-2009</b>
	\$	\$
Prepaid interest		
Prepaid insurance	1,229	-
	<u>7,917</u>	<u>18,348</u>

**7. Investment property**

<b>Investment Property at cost</b> <sup>(i)</sup>	7,677,634	7,677,634
Acquisition costs	2,259	2,259
Impairment	(679,893)	(1,679,893)
Carrying value	<u>7,000,000</u>	<u>6,000,000</u>
<b>Fair Value of Investment Property</b> <sup>(ii)</sup>		
598 High Street, Penrith	<u>7,000,000</u>	<u>6,000,000</u>
	<u>7,000,000</u>	<u>6,000,000</u>

(i) Book value is recorded at cost, being original cost plus capital expenditure. The directors have assessed the recoverable amount of the investment property in accordance with accounting policies set out in note 1.

(ii) The valuation of investment properties at fair value is based on the amount which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

In assessing the value of the investment properties, the independent valuers have considered two basis of valuation being:

1. discounted cash flow; and
2. capitalisation approach.

The latest independent valuation was conducted by Landmark White on 22 June 2010 for \$7,000,000.

**8. Trade and other payables**

Trade and other payables	9,806	15,802
Accruals	333	3,215
	<u>10,139</u>	<u>19,017</u>

**9. Other current liabilities**

Income in advance	89	89
	<u>89</u>	<u>89</u>

**10. Interest bearing liabilities**

	<b>30-Jun-2010</b>	<b>30-Jun-2009</b>
	\$	\$
<b>CBA Facility</b>		
Fully drawn Facility – CBA	3,725,000	3,725,000
Borrowing Costs	(11,951)	-
Total Secured Loans (i)	<u>3,713,049</u>	<u>3,725,000</u>

(i) A fully drawn facility of \$3,725,000 expiring 30<sup>th</sup> June 2011 subject to meeting the extension triggers, has been provided by the Commonwealth Bank of Australia for the purchase of commercial property recorded as investment property under non-current assets. The provider of the facility holds a first registered mortgage over the following property:

- 598 High Street, Penrith

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>11. Liabilities to Unitholder's</b>	<b>30-Jun-2010</b>	<b>30-Jun-2009</b>
	\$	\$
<b>Unitholders' Balances</b>		
Movement in unitholders' balances during the financial year were as follows:		
Balance at the beginning of the year	2,377,872	4,020,479
Profit / (loss) for the year	1,363,594	(1,276,722)
Distributions paid	(229,519)	(365,886)
	<hr/>	<hr/>
Balance at the end of the year	<u>3,511,946</u>	<u>2,377,872</u>
 <b>12. Distributions to Unitholders</b>		
Distributions to unitholders were paid as follows:		
Total distributions to unitholders	<u>229,519</u>	<u>365,886</u>
 <b>13. Notes to the Cash Flow Statement</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
For the purposes of the cash flow statement, cash and cash equivalents includes cash in banks.		
Cash and cash equivalents at the end of financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	<u>227,306</u>	<u>103,630</u>
 <b>(b) Reconciliation of profit for the period to net cash flows provided by operating activities</b>		
Profit / (loss) for the year	1,363,594	403,171
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets</i>		
Other current assets	(989,568)	42,050
<i>Increase/(decrease) in liabilities</i>		
Current payables and accruals	(8,881)	(30,179)
Borrowing Costs	(11,951)	-
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<u>353,194</u>	<u>415,042</u>
 <b>14. Contingent Assets and Liabilities and Commitments</b>		
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2010 and 2009.		
 <b>15. Subsequent Events</b>		
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Fund, the results of the Fund, or the state of affairs of the Fund in future financial years.		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**16. Additional Information**

**Contact Information:**

Austgrowth Property Syndicates Limited, A.C.N. 080 456 542, an unlisted public company incorporated and operating in Australia is the Responsible Entity of the Fund. Austgrowth Property Syndicates Limited is a wholly owned member of the Australian Property Growth Fund Group.

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