ANNUAL FINANCIAL REPORT

30 June 2017

Directory

Responsible Entity
Abacus Funds Management Limited
ABN: 66 007 415 590
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Custodian:
Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Directors of Responsible Entities:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
Malcolm Irving
Myra Salkinder
Peter Spira

Company Secretary:
Rob Baulderstone

Auditor (Financial and Compliance Plan):
Ernst & Young
200 George Street
SYDNEY NSW 2000

Share Registry:
Boardroom Pty Ltd
Level 12, 225 George St
SYDNEY NSW 2000
Tel: 1300 737 760
Fax: 1300 653 459

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DIRECTORS' REPORT

30 June 2017

The Directors of Abacus Funds Management Limited ("AFML"), the Responsible Entity of the Abacus Wodonga Land Fund ("AWLF" or the "Fund") submit their report for the Fund for the year ended 30 June 2017 and the auditor's report thereon.

PRINCIPAL ACTIVITIES

The Fund operates in Australia and derives income from the investment in a residential development in Wodonga, Victoria.

FUND STRUCTURE

AWLF is an Australian registered managed investment scheme. Abacus Funds Management Limited ("AFML"), the Responsible Entity of AWLF, is incorporated and domiciled in Australia and is a wholly-owned subsidiary of Abacus Group Holdings Limited ("AGHL").

The registered office and principal place of business of AGHL & AFML is located at Level 34, 264-278 George Street, Sydney, NSW 2000.

REVIEW AND RESULTS OF OPERATIONS

The Fund earned a net profit attributable to unitholders of $1.6 million for the year ended 30 June 2017 (2016: net loss of $0.4m).

Income from the sales of land during the year was $16.2 million for 117 residential lots (June 2016: $14.2m for 107 lots).

At 30 June 2017 the Fund had approximately 37 lots available for sale across stages that cater for retirees, families, first home buyers and investors. Stage 24 and stage 21 with 57 lots were recently released for sale. Further stages of residential lots will be developed to meet commitment.

Sales of land lots in Wodonga have historically been difficult and while AFML is working assiduously to recover value in the Fund the ultimate return to unitholders, if any, will be dependent on an increase in the rate and the value of future sales.

The project is wholly financed by Abacus Property Group. The annual interest rate on the loan remained at 6.5% during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Fund occurred during the financial year:

The deficiency in net equity decreased from $1.7 million to $0.04 million on 30 June 2017.

UNITS ON ISSUE

As at 30 June 2017 there were 57,037,037 units (2016: 57,037,037 units) in the Fund on issue.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

The Fund did not pay management fees (2016: Nil) or accounting fees (2016: Nil) to the Responsible Entity for the year ended 30 June 2017.

DIRECTORS' REPORT
30 June 2017

FUND ASSETS

At 30 June 2017 the Fund held assets to a total value of $13.9 million (2016: $20.1 million). The basis for valuation of the assets is disclosed in Note 10 of the financial report.

DISTRIBUTIONS

There were no cash distributions paid or provided for during the year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than as disclosed in this report and to the knowledge of directors, there has been no other matter or circumstance that has arisen since the end of the financial period that has or may affect the Fund's operations in future financial periods, the results of those operations or the Fund's state of affairs in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Fund will continue to pursue strategies that seek to improve profitability and market share of its activities during the coming year. In the opinion of the Directors, disclosure of any further information on future developments and results than is already disclosed in this report or the financial statements would be unreasonably prejudicial to the interests of the Fund.

DIRECTORS

The Directors of the Responsible Entity in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director
Peter Spira	Non-executive Director

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Fund is subject to significant environmental regulation in respect of its property activities. Adequate systems are in place for the management of the Fund's environmental responsibilities and compliance with the various licence requirements and regulations. No material breaches of requirements or any environmental issues have been identified during the year.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Fund has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) – except for any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' REPORT
30 June 2017

AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 5.

ROUNDING

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Fund under ASIC Class Order 2016/191. The Fund is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

John Thame	Frank Wolf
Chairman	Managing Director
Sydney, 18 August 2017	

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

Auditor's Independence Declaration to the Directors of Abacus Funds Management Limited, the Responsible Entity for Abacus Wodonga Land Fund

As lead auditor for the audit of Abacus Wodonga Land Fund for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst + Young

Ernst & Young

Kathy Parsons
Partner
18 August 2017

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
REVENUE			
Sale of inventory		16,192	14,176
Total Revenue		**16,192**	**14,176**
OTHER INCOME			
Interest received		11	15
Other		13	18
Total Revenue and Other Income		**16,216**	**14,209**
Cost of inventory sales	1	(14,577)	(14,608)
PROFIT / LOSS BEFORE TAX		**1,639**	**(399)**
Income tax expense		-	-
NET PROFIT / LOSS AFTER TAX		**1,639**	**(399)**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
CURRENT ASSETS			
Cash and cash equivalents	3	613	711
Trade and other receivables		540	755
Inventory	2(a)	9,186	13,878
TOTAL CURRENT ASSETS		**10,339**	**15,344**
NON-CURRENT ASSETS			
Inventory	2(b)	3,505	4,712
Other		12	13
TOTAL NON-CURRENT ASSETS		**3,517**	**4,725**
TOTAL ASSETS		**13,856**	**20,069**
CURRENT LIABILITIES			
Trade and other payables		951	684
TOTAL CURRENT LIABILITIES		**951**	**684**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	5(a)	12,945	21,064
TOTAL NON-CURRENT LIABILITIES		**12,945**	**21,064**
TOTAL LIABILITIES		**13,896**	**21,748**
NET ASSET		**(40)**	**(1,679)**
EQUITY			
Contributed equity	7(a)	19,348	19,348
Accumulated losses		(19,388)	(21,027)
TOTAL EQUITY		**(40)**	**(1,679)**

STATEMENT OF CASH FLOW
YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income receipts		16,195	13,934
Interest received		10	20
Operating payments		(384)	(269)
Payments for development cost (inventory)		(6,793)	(11,481)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3	**9,028**	**2,204**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2)	(6)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2)**	**(6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,800	3,750
Repayment of borrowings		(12,924)	(6,242)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(9,124)**	**(2,492)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(98)	(294)
Cash and cash equivalents at beginning of year		711	1,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**613**	**711**

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2017

	Issued capital $'000	Retained earnings $'000	Total Equity $'000
At 1 July 2016	19,348	(21,027)	(1,679)
Total comprehensive income for the year	-	1,639	1,639
At 30 June 2017	**19,348**	**(19,388)**	**(40)**

	Issued capital $'000	Retained earnings $'000	Total Equity $'000
At 1 July 2015	19,348	(20,628)	(1,280)
Total comprehensive expense for the year	-	(399)	(399)
At 30 June 2016	**19,348**	**(21,027)**	**(1,679)**

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NOTES TO THE FINANCIAL STATEMENTS – About this Report

30 JUNE 2017

The financial report of the Fund for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 18 August 2017.

The Fund is a registered managed investment scheme.

The nature of the operations and principal activities of the Fund are described in the Directors' Report.

Net asset deficiency

At 30 June 2017, the Fund has a net asset deficiency of $0.04m (2016: $1.7m). The Fund has obtained a letter from Abacus Property Group ("APG") that APG does not intend to request repayment of its loan for a period of 12 months from the date of this financial report and to the extent necessary APG intends to provide financial support to enable the Fund to pay its debts as and when they fall due within the next 12 months.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Fund's accounting policies management regularly evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Fund. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from these judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Significant accounting estimates and assumptions

Net realisable value of inventory

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions that require the use of management judgment are reviewed half-yearly and these assumptions include the number of lots sold per year and the average selling price per lot. If the net realisable value is less than the carrying value of inventory, an impairment loss is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. EXPENSES

	2017 $'000	2016 $'000
Cost of inventory sales		
Cost of land sold	13,805	13,780
Selling costs	387	396
Administration and other expenses	385	432
Total cost of inventory sales	**14,577**	**14,608**

2. INVENTORY

	2017 $'000	2016 $'000
(a) Current		
Projects[1]		
- purchase consideration	2,121	3,946
- development costs	4,899	11,034
- finance costs[2]	6,440	6,194
- diminution	(4,274)	(7,296)
	9,186	**13,878**
(b) Non-current		
Projects[1]		
- purchase consideration	3,184	1,748
- development costs	4,740	8,937
- finance costs[2]	2,269	3,217
- diminution	(6,688)	(9,190)
	3,505	**4,712**
Total inventory	**12,691**	**18,590**

1. Inventories are held at the lower of cost and net realisable value.
2. Finance costs were capitalised at interest rates of 6.5% during the financial year (2016: 6.5%).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

3. CASH AND CASH EQUIVALENTS

	2017 $'000	2016 $'000
Reconciliation to Statement of Cash Flow		
For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following at 30 June 2017		
Cash at bank and in hand[1]	**613**	**711**

1. cash at bank earns interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value

(a) Reconciliation of net profit after tax to net cash flows from operations

	2017	2016
Net profit	1,639	(399)
Adjustments for:		
Increase / (decrease) in payables	17	(502)
(Increase) / decrease in inventories	8,159	4,963
(Increase) / decrease in receivables and other assets	(787)	(1,858)
Net cash from operating activities	**9,028**	**2,204**

4. CAPITAL MANAGEMENT

The Fund seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that it complies with capital and distribution requirements of its Fund deeds, the capital requirements of relevant regulatory authorities and continues to operate as a going concern. The Fund also protects its equity in assets by taking out insurance.

The Fund assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, the Fund reviews its capital structure to ensure sufficient funds and financing facilities (on a cost effective basis) are available to implement its strategy.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

5. INTEREST BEARING LOANS AND BORROWINGS

	2017	2016
	$'000	**$'000**
(a) Non Current		
Abacus Finance Pty Ltd	12,945	21,064
	12,945	**21,064**
(b) Maturity profile of current and non-current interest bearing loans		
Due within one year	-	-
Due between one and five years	12,945	21,064
	12,945	**21,064**

Fixed rate loan of up to $45 million drawn to $12.9 million at 30 June 2017 (2016: $21.1 million) provided by Abacus Finance Pty Ltd to provide working capital and interest cost funding to the Fund. The interest rate on the borrowing was 6.5% per annum. The loan is due for repayment by 1 July 2020.

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2017	2016
	$'000	**$'000**
Total facilities		
Abacus Finance Pty Ltd	45,000	45,000
Facilities used at reporting date		
Abacus Finance Pty Ltd*	(12,945)	(21,064)
Facilities unused at reporting date	**32,055**	**23,936**

* The $12.9 million reflects principal of $12.9 million.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

6. FINANCIAL INSTRUMENTS

Financial Risk Management

The risks arising from the use of the Fund’s financial instruments are credit risk, liquidity risk and market risk (interest rate risk and price risk).

The Fund’s financial risk management focuses on mitigating the unpredictability of the financial markets and its impact on the financial performance of the Fund. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The main purpose of the financial instruments used by the Fund is to raise finance for the Fund’s operations. The Fund has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Fund also has the ability to enter into derivative transactions principally interest rate swaps. The purpose is to manage the interest rate exposure arising from the Fund’s operations and its sources of finance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the section about this report and Note 10 to the financial statements.

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund’s receivables from bonds and deposits on the subdivisions of the land.

Given the nature of the receivables, credit risk is considered to be low. Notwithstanding this, the receivable balances are monitored on an ongoing basis with the result that the Fund’s exposure to bad debts is not significant.

Credit risk exposures

The Fund’s maximum exposure to credit risk at the reporting date was:

	Carrying Amount 2017 $'000	Carrying Amount 2016 $'000
Receivables	540	755
Cash and cash equivalents	613	711
	1,153	**1,466**

The Fund’s receivables are within original term. A provision loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment provision has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

6. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate and diverse amount of committed credit facilities, the ability to close out market positions.

The Fund's policy is to maintain an available facility with a related party sufficient to meet expected development costs.

As at 30 June 2017, the Fund had undrawn facilities of $32.1 million and cash of $0.61 million which are adequate to cover short term funding requirements. Further information regarding the Fund's debt profile is disclosed in Note 5.

The table below shows an analysis of the contractual maturities of key liabilities which forms part of the Fund's assessment of liquidity risk.

30 June 2017	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	951	951	951	-	-
Interest bearing loans and borrowings	12,945	15,472	841	14,631	-
Total liabilities	**13,903**	**16,430**	**1,799**	**14,631**	**-**

30 June 2016	Carrying Amount $'000	Contractual cash flows $'000	1 Year or less $'000	Over 1 year to 5 years $'000	Over 5 years $'000
Liabilities					
Trade and other payables	684	684	684	-	-
Interest bearing loans and borrowings	21,064	22,437	1,369	21,068	-
Total liabilities	**21,748**	**23,121**	**2,053**	**21,068**	**-**

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

6. FINANCIAL INSTRUMENTS (continued)

(c) Market Risk

Interest rate risk / Fair value interest rate risk

The Fund's exposure to interest rate risk and the effective weighted average interest rates for each class of financial asset and financial liability are:

30 June 2017	Floating interest rate $'000	Fixed interest less than 1 year $'000	Fixed interest 1 to 5 years $'000	Fixed interest over 5 years $'000	Non interest bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	613	-	-	-	-	613
Receivables	-	-	-	-	540	540
Total financial assets	**613**	**-**	**-**	**-**	**540**	**1,153**
Weighted average interest rate*	1.60%					
Financial liabilities						
Related party loans	-	-	12,945	-	-	12,945
Payables	-	-	-	-	951	951
Total financial liabilities	**-**	**-**	**12,945**	**-**	**951**	**13,896**

30 June 2016	Floating interest rate $'000	Fixed interest less than 1 year $'000	Fixed interest 1 to 5 years $'000	Fixed interest over 5 years $'000	Non interest bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	711	-	-	-	-	711
Receivables	-	-	-	-	755	755
Total financial assets	**711**	**-**	**-**	**-**	**755**	**1,466**
Weighted average interest rate*	1.85%					
Financial liabilities						
Related party loans	-	-	21,064	-	-	21,064
Payables	-	-	-	-	684	684
Total financial liabilities	**-**	**-**	**21,064**	**-**	**684**	**21,748**

* calculated at 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

6. FINANCIAL INSTRUMENTS (continued)

(c) Market Risk (continued)

Interest rate risk / Fair value interest rate risk (continued)

The following table is a summary of the interest rate sensitivity analysis:

	Carrying amount	-1%		+1%	
	Floating	Profit	Equity	Profit	Equity
30 June 2017	$'000	$'000	$'000	$'000	$'000
Financial assets	613	(6)	-	6	-
Financial liabilities	12,945	(129)	-	129	-

	Carrying amount	-1%		+1%	
	Floating	Profit	Equity	Profit	Equity
30 June 2016	$'000	$'000	$'000	$'000	$'000
Financial assets	711	(7)	-	7	-
Financial liabilities	21,064	(211)	-	211	-

7. CONTRIBUTED EQUITY

	2017	2016
(a) Issued units	**$'000**	**$'000**
Issued capital	20,000	20,000
Issue costs	(652)	(652)
Total contributed equity	19,348	19,348

	Number	Value
(b) Movement in units on issue	**'000**	**$'000**
At 30 June 2016	57,037	19,348
Units on issue at 30 June 2017	57,037	19,348

8. COMMITMENTS AND CONTINGENCIES

The Fund has commitments for development expenditure of approximately $1.9 million (2016: $2.0 million)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

9. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of AWLF is Abacus Funds Management Limited, an Australian Financial Services Licence holder, whose immediate and ultimate holding company is Abacus Group Holding Limited (AGHL).

Transactions between the Fund and the Responsible Entity result from normal dealings with that company as the Fund's Responsible Entity.

(b) Details of Key Management Personnel

(i) Directors

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director
Peter Spira	Non-executive Director

(ii) Executives

R Baulderstone	Chief Financial Officer and Company Secretary
C Laird	Director – Property Developments

(iii) Other Key Management Personnel

In addition to the Directors noted above, Abacus Funds Management Limited, the Responsible Entity of the Trust is considered to be Key Management Personnel with the authority for the strategic direction and management of the Trust.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in Note 9(c).

(c) Fees

Abacus Funds Management Limited provides management and investment accounting services to the Fund.

All cost associated with the provision of investment accounting services are paid by the Responsible Entity, and are conducted on normal commercial terms and conditions.

In accordance with Fund's offer document and constitution, the Responsible Entity is entitled to receive a monthly management fee of 0.5% p.a. of the total assets of the Fund under the terms of the Constitution. However no fees were paid to the Responsible Entity during the year for management of the Fund (2016: Nil) as the Responsible Entity has waived these fees for the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS
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9. RELATED PARTY DISCLOSURES (continued)

(d) Transactions with related parties

	2017 $'000	2016 $'000
Transactions with associates		
Expense		
Interest expense of loan from Abacus Finance Pty Ltd	1,005	1,393
Other transactions		
Loan advanced from Abacus Finance Pty Ltd	3,800	3,750
Loan repayments to Abacus Finance Pty Ltd	(12,924)	(6,242)

Terms and conditions of transactions

Outstanding balances at year-end are unsecured and settlement occurs in cash.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Fund under ASIC Corporations Instrument 2016/191. The Fund is an entity to which the instrument applies.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the AASB and IASB respectively.

(c) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as of 1 July 2016.

The Fund has adopted the following new or amended standards which became applicable on 1 July 2016:

- AASB 2014-3 – Accounting for Acquisitions of Interests in Joint Ventures
- AASB 2014-4 – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 1057 – Application of Accounting Standards
- AASB 2014-9 – Equity Method in Separate Financial Statements
- AASB 2015-1 – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 – Disclosure Initiative: Amendments for AASB 101 Presentation of Financial Statements
- AASB 2015-5 – Investments Entities: applying the consolidation exception
- AASB 2015-9 – Scope and Application Paragraphs (AASB 8, AASB 133 and AASB 1057)

The adoption of these amended standards has no material impact on the financial statements of the Fund.

(ii) Accounting Standards and Interpretation issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ended 30 June 2017. The significant new standards or amendments are outlined below:

- AASB 9 Financial Instruments (effective 1 January 2018 / applicable for Fund 1 July 2018)

  This standard includes requirement to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Standard contains requirements in the areas of classification, measurement, hedge accounting and derecognition.

  The Fund does not expect the adoption of AASB 9 to have a material impact on the classification and measurement of its existing financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New accounting standards and interpretations (continued)

- Revenue from Contracts with Customers (effective 1 January 2018 / applicable for Fund 1 July 2018)

  AASB15 replaces the current revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations.

  AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Early adoption of this Standard is permitted.

  At the time the Standard comes into effect, there will be no impact on the Fund.

AASB 16, AASB 2016-1, AASB 2016-2, AASB 2014-10, AASB 2016-5 and IFRIC 23 are applicable to the Fund, however will have no significant impact on the Fund.

AASB 2016-4, AASB 2017-2, AASB 2016-6 AASB 2017-1, AASB interpretation 22, AASB 2016-8 and IFRS 17 will have no application to the Fund.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

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:

Finance Income

Revenue 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.

Sale of inventory

Revenue from property development sales is recognised when the significant risks, rewards of ownership and effective control has been transferred to the purchaser which has been determined to occur upon settlement and after contractual duties are completed.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return or there is continuing management involvement to the degree usually associated with ownership.

(e) Expenses

Expenses including rates, taxes and other outgoings, are brought to account on an accrual basis and any related payables are carried at cost.

(f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at amortised cost, which in the case of the Fund, is the original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Trade and other payables

Trade payables and other payables are carried at amortised cost. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

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

Borrowings are classified as non-current liabilities where 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 unless they relate to a qualifying asset or to upfront borrowing establishment and arrangement costs, which are deferred and amortised as an expense over the life of the facility. A qualifying asset is an asset that generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised into the cost of the asset. Where funds are borrowed by the Fund for the acquisition or construction of a qualifying asset, the amount of the borrowing costs capitalised are those incurred in relation to the borrowing.

(j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of new securities are shown in equity as a deduction, net of tax, from the proceeds.

(k) Inventories

Property Development

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of sales in the ordinary course of business. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value. Where the net realisable value of inventory is less than cost, an impairment expense is recognised in the statement of comprehensive income. Reversals of previously recognised impairment charges are recognised in the statement of comprehensive income such that the inventory is always carried at the lower of cost and net realisable value. Cost includes the purchase consideration, development costs and holding costs such as borrowing costs, rates and taxes.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxation

AWLF is an entity to which Division 6C of the Income Tax Assessment Act will apply and therefore the Fund is taxed as a company.

Company income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxation (continued)

Goods and services tax (GST)

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 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 are classified as operating cash flows.

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

11. AUDITOR'S REMUNERATION

	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young Australia for:		
- An audit of the financial report of the entity and any other entity	20,000	20,000
	20,000	**20,000**

12. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Fund's operations in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Funds Management Limited, we state that:

In the opinion of the directors:

a. the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Fund is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 10(b); and

c. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable. The Fund has received an undertaking of support from AGHL.

On behalf of the Board

John Thame
Chairman
Sydney, 18 August 2017

Frank Wolf
Managing Director

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

Independent Auditor's Report to the Members of Abacus Wodonga Land Fund

Opinion

We have audited the financial report of Abacus Wodonga Land Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 Fund is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

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Responsibilities of the Directors for the Financial Report

The directors of the Abacus Funds Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 the 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Ernst & Young

Kathy Parsons
Partner
Sydney
18 August 2017