

JOSEPH PALMER & SONS PROPERTY FUND
ARSN 133 409 382

Financial Report
for the year ended
30 June 2020



**JOSEPH PALMER & SONS PROPERTY FUND
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The directors of DDH Graham Limited, the responsible entity ("the Responsible Entity") of the Joseph Palmer & Sons Property Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2020 and the auditor's report thereon.

The Responsible Entity

The responsible entity is an unlisted public company incorporated under the Corporations Act 2001 and holds an Australian Financial Services Licence.

The registered office and place of business of the Responsible Entity and the Fund is Level 9, 324 Queen Street, Brisbane.

Directors

The directors of DDH Graham Limited at any time during or since the end of the financial year are:

Name and qualifications	Age	Experience and responsibilities
Peter B Lockhart Joint Managing Director Bachelor of Economics Master of Business Administration	66	Director since 1988. Extensive experience in financial advisory and trust and superannuation management services. Member of Compliance Committee. Member of Audit Committee.
Ugo C Di Girolamo Joint Managing Director Associate Diploma in Business	58	Director since 2000. Over 29 years' experience in financial markets including 16 years in an executive money market role.
David D H Graham Bachelor of Commerce Bachelor of Economics (Hons) Master of Business Administration Master of Taxation and financial planning	78	Director since 1986. Extensive experience in financial advisory and trust management services.
Douglas A H Graham Chief Operating Officer Bachelor of Commerce Bachelor of Arts	46	Director since May 2017. Extensive experience across a range of industries including finance and information technology. Member of the Chartered Accountants Australia and New Zealand.

**JOSEPH PALMER & SONS PROPERTY FUND
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Principal activities

The Fund is registered by the Australian Securities & Investments Commission as a managed investment scheme domiciled in Australia.

The Fund continued to purchase property securities in accordance with Supplementary Product Disclosure Statement issued on 13 December 2013.

There were no significant changes in the activities of the Fund during the financial year.

The Fund did not have any employees during the year.

Review and results of operations

During the year the Fund continued to hold listed property securities and its investment in the Gawler Trust.

The outbreak of COVID-19 and the resulting economic consequences impacted financial markets over varying degrees in the second half of the financial year. The Fund's investment activities have been impacted by the COVID-19 as reflected in distribution income and adjustment to the carrying value of the financial assets at balance date.

It is not possible to accurately quantify the impact of COVID-19 on the results as there are other factors as well that influence movements in financial markets. The Fund did not experience abnormally increased requests from unitholders for redemptions of units. DDH Graham Limited will continue to monitor the market conditions closely and ensure appropriate action is put in place to mitigate adverse movements irrespective of the cause.

Results

The results of the operations of the Fund were as follows:

	2020	2019
	\$	\$
Net operating income/(loss)	(103,438)	250,158
Distributions paid and payable	340,914	283,045
Distributions (cents per unit)	8.00	7.00

Value of Assets

The value of the Fund's assets of \$4,890,552 (2019: \$4,942,171) is derived using the basis set out in Note 3 to the financial statements. However, it is noted that there is uncertainty around valuations due to COVID-19 and a higher degree of caution is to be considered in assessing valuations in the current environment.

**JOSEPH PALMER & SONS PROPERTY FUND
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Interests in the Fund

The movement in units on issue in the Fund during the year is set out below:

	2020	2019
	No.	No.
Opening balance	4,046,444	4,038,310
Applications	348,587	5,559
Redemptions	(8,427)	-
Reinvestment of distributions	3,650	2,575
Closing balance	4,390,254	4,046,444

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the year, not otherwise disclosed elsewhere in this report.

Matters subsequent to the end of the financial year

Apart from the uncertainty associated with COVID-19, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and as reflected in the Supplementary Product Disclosure Statement dated 13 December 2013.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed, and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the responsible entity believes it would be likely to result in unreasonable prejudice to the Fund.

Indemnification and insurance of officers and auditors

Indemnification

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

**JOSEPH PALMER & SONS PROPERTY FUND
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Insurance Premiums

During the year the Responsible Entity has paid premiums in respect of its officers for liability and legal expenses insurance contracts for the year ended 30 June 2020. The Responsible Entity has paid or agreed to pay in respect of the Fund, premiums in respect of such insurance contracts for the year ended 30 June 2021. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the contracts.

Fees paid to and interests held in the Fund by the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Fund property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Fund property to the directors of the responsible entity during the year.

The number of interests in the Fund held by the responsible entity or its associates as at the end of the financial year are disclosed in Note 13 to the financial statements.

Environmental regulation

The Fund's operations are not subject to any significant environmental regulations under either Commonwealth, State or Territory legislation.

Auditor's independence declaration

The auditor's independence declaration is set out on page 5 and forms part of this directors' report for the year ended 30 June 2020.

No officer or director of the Responsible Entity is or has been a partner/director of any auditor of the Fund.

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

On behalf of the directors of the responsible entity:



**P B Lockhart
Director
DDH Graham Limited
Responsible Entity
Brisbane 10 September 2020**

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DDH GRAHAM LIMITED
AS RESPONSIBLE ENTITY FOR
JOSEPH PALMER & SONS PROPERTY FUND

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

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

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

BRISBANE
DATED THIS 10TH DAY OF SEPTEMBER 2020

JOSEPH PALMER & SONS PROPERTY FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
Revenue			
Interest		2,561	4,777
Trust distribution		310,442	285,890
Total revenue		313,003	290,667
Other income			
Realised losses on sale of financial assets held at fair value through profit or loss		-	(7,662)
Unrealised gain/(loss) on financial assets held at fair value through profit or loss		(293,730)	91,674
Total revenue and other income		19,273	374,679
Expenses			
Responsible entity's fee	13	52,255	52,255
Custody fees		20,457	20,641
Investment management fees		29,788	30,292
Other operating expenses		20,211	21,333
Total operating expenses		122,711	124,521
Operating income/(loss) for the year		(103,438)	250,158
Other comprehensive income		-	-
Total comprehensive income/(loss)	5	(103,438)	250,158

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes on pages 10 to 21.

JOSEPH PALMER & SONS PROPERTY FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020	2019
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	6	499,486	283,815
Receivables	8	157,157	145,716
Total Current Assets		656,643	429,531
Non-Current Assets			
Financial Assets	7	4,233,909	4,512,640
Total Non-Current Assets		4,233,909	4,512,640
Total Assets		4,890,552	4,942,171
Liabilities			
Current Liabilities			
Payables	9	206,509	203,434
Total liabilities		206,509	203,434
Net assets attributable to Unitholders equity	5	4,684,043	4,738,737

The Statement of Financial Position should be read in conjunction with the accompanying notes on pages 10 to 21.

JOSEPH PALMER & SONS PROPERTY FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Total equity at the beginning of the year		4,738,737	4,761,961
Comprehensive income for the year			
Operating income/(loss) for the year		(103,438)	250,158
Other comprehensive income		-	-
Total comprehensive income for the year		(103,438)	250,158
Transactions with unitholders			
Applications		421,456	6,656
Redemptions		(36,034)	-
Reinvestment of distributions		4,236	3,007
Distributions paid and payable	10	(340,914)	(283,045)
Total transactions with unitholders		48,744	(273,382)
Total equity at the end of the year		4,684,043	4,738,737

The Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 10 to 21.

JOSEPH PALMER & SONS PROPERTY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Interest received		2,561	4,777
Distributions received		299,846	301,656
Operating expenses paid		(134,232)	(101,886)
Net cash inflows from operating activities	15(a)	168,175	204,547
Cash flows from investing activities			
Purchase of financial assets		(15,000)	-
Proceeds from sale of financial assets		-	77,826
Net cash inflows/(outflows) from investing activities		(15,000)	77,826
Cash flows from financing activities			
Proceeds from applications of units by unitholders		421,456	6,656
Payments on redemption of units by unitholders		(36,034)	-
Distributions paid		(322,926)	(239,329)
Net cash inflows/(outflows) from financing activities		62,496	(232,673)
Net increase in cash and cash equivalents		215,671	49,700
Cash and cash equivalents at the beginning of the year	6	283,815	234,115
Cash and cash equivalents at the end of the year	6	499,486	283,815

The Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 10 to 21.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. REPORTING ENTITY

Joseph Palmer & Sons Property Fund (“the Fund”) is a unit trust which is a registered managed investment scheme under the Corporations Act 2001, established and domiciled in Australia. The financial report of the Fund is for the year ended 30 June 2020.

The Responsible Entity of the Fund is DDH Graham Limited. The Responsible Entity’s registered office and place of business is Level 9, 324 Queen Street Brisbane QLD 4000.

The financial statements were authorised for issue by the directors of the Responsible Entity on 10 September 2020.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (‘AASBs’) adopted by the Australian Accounting Standards Board (‘AASB’), other Authoritative pronouncements of the AASB, the *Corporations Act 2001*, and the Fund’s constitution. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Fund is a for profit entity for financial reporting purposes under Australian Accounting Standards.

b) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on the historical cost basis except for cash flow information and financial instruments at fair value through profit or loss, which are measured at fair value.

c) Functional & presentation currency

The financial report of the Fund is presented in Australian dollars which is rounded to the nearest dollar and is the functional currency of the Fund.

d) Use of estimates and judgement

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 and in future periods affected.

The outbreak of COVID-19 and the resulting economic consequences impacted financial markets over varying degrees in the second half of the financial year. The Fund’s investment activities would therefore have been impacted by the COVID-19.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
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Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Fund based on known information. This consideration extends to the recognition of receivables and payables, valuation of assets and impacts on investments.

There were no key adjustments during the year arising from estimates and judgements.

e) Changes in accounting policies

The Fund has consistently applied the accounting policies set out in Note 3 in these financial statements.

There are no accounting standards, interpretations, or amendments to existing accounting standards that are effective for the first time for the financial year beginning 1 July 2019 that had a material impact on the amounts recognised in prior periods or will affect the current or future periods.

f) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied unless otherwise stated.

Interest income

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues using the original effective interest rate calculated at the acquisition or origination date and if not received at balance date.

Distribution income

Distribution income relating to unlisted and listed unit trust investments is recognised in the Statement of Profit or Loss and Other Comprehensive Income when declared, in accordance with AASB 15.

In some cases, the Fund may receive or choose to receive distributions in the form of additional units rather than cash. In such cases the Fund recognise the distribution income for the cash distribution alternative with the corresponding debit treated as an additional investment.

Responsible Entity's Remuneration

Responsible Entity remuneration is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

Asset Manager's Remuneration

Asset Manager remuneration is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Cash and cash equivalents

Cash and cash equivalents include cash at bank and are initially recognised under contractual obligations and after initial recognition are stated at their amortised cost less impairment losses.

Financial assets and liabilities

a) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions to the instrument.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

A financial liability is derecognised when it is extinguished that is; when the obligation in the contract is discharged, cancelled or expires.

b) Subsequent measurement

Financial assets held at fair value through profit or loss are classified as fair value through profit or loss in accordance with the requirements of AASB 9 Financial Instruments. Changes in fair value are presented in the Statement of Profit or Loss and Other Comprehensive Income.

Financial assets are held at amortised cost if they are managed solely to collect contractual cash flows.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

c) Impairment

The Fund recognises a loss allowance for expected credit losses for financial assets held at amortised cost. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Fund uses the simplified approach to impairment, as applicable under AASB 9 *Financial Instruments*.

At each reporting date, the Fund recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

The coronavirus pandemic (COVID-19), has had an adverse economic impact within Australia and globally, however it is not possible to accurately determine the future nature, extent or duration of the impact on the Fund, material or otherwise, at the date of signing the financial statements.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

The directors of the Responsible Entity have considered the potential impacts of COVID-19 and do not believe that, based on the information currently available, it has a significant impact in the assessment of impairment at balance date.

Trade and other receivables

Trade and other receivables are initially recognised under contractual obligations and after initial recognition are stated at their amortised cost less impairment losses.

Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Fund. Trade accounts payable are normally settled within 30 days.

The distribution payable to unitholders as at balance date is recognised as a payable as unitholders are presently entitled to the distributable income under the Fund's Constitution.

Net assets attributable to investors

The Fund considers its capital to be investors' funds. The Fund manages its net assets attributable to investors as capital, notwithstanding net assets attributable to investors are classified as a liability.

Distribution and taxation

Under current legislation the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the investors. The Fund fully distributes its distributable income, calculated in accordance with the Constitution and applicable laws.

Goods and services tax

Purchases and sales are recognised net of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated with the amount of GST excluded. The net amount of GST payable to the ATO is included as a current liability in the Statement of Financial Position.

New accounting standards, amendments and interpretations effective after 1 July 2020

A number of new accounting standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020 and have not been early adopted in preparing these financial statements.

The Directors have considered these changes and do not believe their application will have a material effect on the financial statements of the Fund.

JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Auditor's remuneration

	2020	2019
	\$	\$
Auditing and review of the financial report and other audit work under Corporations Act 2001	4,800	4,800

5. Net assets attributable to unitholders

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 *Financial Instruments: Presentation* to be classified as equity.

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	2020	2020	2019	2019
	No.	\$	No.	\$
Opening balance	4,046,444	4,738,737	4,038,310	4,761,961
Applications	348,587	421,456	5,559	6,656
Redemptions	(8,427)	(36,034)	-	-
Reinvestment of distributions	3,650	4,236	2,575	3,007
Distributions	-	(340,914)	-	(283,045)
Operating profit	-	(103,438)	-	250,158
Closing balance	4,390,254	4,684,043	4,046,444	4,738,737

Capital risk management

Unitholders have no withdrawal rights and redemption offers are at the discretion of the Responsible Entity. The Fund must have liquid assets equal to applications for the maximum total redemptions likely to be received under any redemption offer made by the Responsible Entity. No redemption offer (2019: Nil) was made to unitholders.

The ratio of liquid assets to net assets attributable to unitholders is as follows:

	2020	2019
	\$	\$
Net applications	385,422	6,656
Liquid assets in the Fund	1,233,395	1,221,455
Net assets attributable to unitholders	4,684,043	4,738,737
Ratio of liquid assets to net assets attributable to unitholders.	26.33%	25.78%

6. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	499,486	283,815

JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

7. Financial assets held at fair value through profit and loss

Units in unlisted unit trusts	3,500,000	3,575,000
Units in listed property securities	733,909	937,640
	4,233,909	4,512,640

The current COVID-19 pandemic outbreak creates heightened uncertainty in market conditions. Following consideration by DDH Graham Limited and the Asset Manager, Joseph Palmer & Sons since year end, the carrying value of financial assets is considered to represent the fair value of the assets at balance date.

8. Receivables

Distribution receivable	155,305	144,709
Other receivables	1,852	1,007
	157,157	145,716

9. Payables

Trade creditors	30,899	41,576
Distributions payable	175,610	161,858
	206,509	203,434

10. Distributions to unitholders

	2020	2019
	\$	\$
Distributions paid	165,304	121,187
Distributions payable	175,610	161,858
	340,914	283,045

11. Financial risk management

The future performance of the Fund may be adversely affected by a range of factors, including movements in inflation, interest rates, general economic conditions, changes in legislation and accounting standards, changes in government policy, changes in the supply and demand for property and property related securities.

The Fund's overall risk management program focuses on ensuring the Fund meets its stated aim as set out in the current Product Disclosure Statement (PDS) of providing to unitholders *"regular income distributions and the potential for capital growth from an actively managed and diversified property investment portfolio"*.

Financial risk management is the responsibility of DDH Graham Limited as the Responsible entity of the Fund. This responsibility includes regular oversight of the Investment Manager, to ensure full compliance of the Fund's investment mandate.

The Fund's activities expose it to a variety of financial risks: market (including price and interest rate risks), credit risk and liquidity risk. Set out below is information in respect of the Fund's exposure to these types of risks and how they are managed.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Financial risk management (continued)

(a) Market Risk

Market risk includes securities *price risk* held by the Fund for which prices in the future are uncertain. The investment manager manages the Fund daily in accordance with the Fund's investment objectives and policies as detailed in the PDS.

The Fund's investments in listed and unlisted unit trusts presents a risk of capital loss and is therefore classified on the Statement of Financial Position as at fair value through profit and loss meaning all changes in market conditions directly affect investment income. In this context fair value, as disclosed in Note 7, represents the maximum price risk faced by the Fund.

The effect on profit attributable to unitholders and net assets attributable to unitholders from a possible 5% change in prices (positive or negative) is \$211,695 (2019: \$225,632).

Interest rate risk exposure is not a material risk to the Fund and is therefore not actively mitigated. The Fund is subject to limited exposure to movements in fair value of financial assets subject to interest rate movements and the Investment Manager and Responsible Entity considers such risk acceptable.

The Fund is not exposed to any foreign currency risk.

(b) Credit Risk

Credit risk arises from cash and cash equivalents, and amounts owing classified as receivables. The maximum exposure to credit risk at balance date is the carrying value of such financial assets. None of these assets are impaired nor past due.

The Fund does not have any significant risk exposure to a single counterparty or any group of related counterparties. The nature of the Fund's activities causes such credit risk exposure to be limited and is therefore considered immaterial.

(c) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity is managed daily to ensure all operating and administrative obligations are met as they fall due. The following table sets out the contractual maturities of financial liabilities.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Financial risk management (continued)

2020	Contractual cash flows	Less than 1 month	1-3 months	3 months to 1 year	1 year to 3 years
	\$	\$	\$	\$	\$
Trade creditors	30,899	2,493	28,406	-	-
Distribution payable	175,610	-	176,610	-	-
2019	Contractual cash flows	Less than 1 month	1-3 months	3 months to 1 year	1 year to 3 years
	\$	\$	\$	\$	\$
Trade creditors	41,576	2,498	39,078	-	-
Distribution payable	161,858	-	161,858	-	-

Under the governing documents of the Fund, unitholders have no withdrawal rights. Interests in the Fund can only be redeemed at the discretion of the Responsible Entity. As disclosed in Note 5, there is presently no intention by the Responsible Entity to make a redemption offer to unitholders.

12. Fair value measurement

The carrying amounts of the Fund's assets and liabilities are measured and recognised at fair value on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period. The major methods and assumptions used in estimating the fair values of assets and liabilities are disclosed in Note 3 to the financial statements.

For the years ended 30 June 2020 and 30 June 2019, disclosure of fair value measurements is based on the following fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value according to the above fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
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12. Fair value measurement (continued)

2020	Level 1	Level 2	Level 3	Total
<i>Financial assets held at fair value through profit or loss</i>				
Investment securities	733,909	-	3,500,000	4,233,909
Total	733,909	-	3,500,000	4,233,909
<i>Financial liabilities held at fair value through profit or loss</i>				
	-	-	-	-
Total	-	-	-	-
<hr/>				
2019	Level 1	Level 2	Level 3	Total
<i>Financial assets held at fair value through profit or loss</i>				
Investment securities	937,640	-	3,575,000	4,512,640
Total	937,640	-	3,575,000	4,512,640
<i>Financial liabilities held at fair value through profit or loss</i>				
	-	-	-	-
Total	-	-	-	-

The fair value of Level 1 investment securities is traded in active markets and are therefore based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used is the last sale price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

At 30 June 2020, the fair value of the Level 3 unlisted investment security is based on an independent valuation of the investee Trust investment property, plant and equipment dated 30 June 2019 plus other assets at cost less liabilities as at that date. In accordance with valuation policy of the investee Trust no independent valuation was undertaken in the current year.

At 30 June 2019, the fair value of the Level 3 unlisted investment security is based on an independent valuation of the investee Trust investment property, plant and equipment dated 30 June 2019 plus other assets at cost less liabilities as at that date.

On a look through basis the inputs employed by the respective Trusts in respect of measuring its financial instruments is as follows:

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Fair value measurement (continued)

Gawler Trust – discounted future cash flows from employment of the Trust property, plant and equipment and including subsequent disposal.

There were no transfers between levels during the year. The following table represents movement in Level 3 instruments for the years ended 30 June 2020 and 30 June 2019:

	2020	2019
	\$	\$
Opening balance	3,575,000	3,575,000
Unrealised loss recognised in profit or loss	(75,000)	-
Closing balance	3,500,000	3,575,000

13. Related parties

Responsible Entity

The Responsible Entity of the Fund is DDH Graham Limited (ABN 28 010 639 219).

Key management personnel

The Fund does not employ personnel. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity.

The names of persons who were directors of DDH Graham Limited at any time during the financial year were as follows: DDH Graham, PB Lockhart, UC Di Girolamo and DA Graham.

Remuneration of directors of the Responsible Entity

Remuneration of the directors and specified executives is paid directly by the Responsible Entity. The directors and specified executives are not provided with any remuneration by the Fund itself. Directors and specified executives are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, because of the remuneration provided by the Responsible Entity.

Loans to directors and specified executives of the responsible entity

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the directors or their personally related entities at any time during the reporting period.

Responsible entity's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a management fee, calculated by reference to the gross assets of the Fund at month end subject to a minimum amount of \$50,000 per annum and recover administrative and services costs incurred on behalf of the Fund. Details of these transactions are as follows inclusive of non-recoverable goods and services tax from the ATO on such expenditure.

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Related parties (continued)

	2020	2019
	\$	\$
Management fee	52,255	52,255
Responsible Entity expense recoveries	373	212
Aggregate amounts payable to the Responsible Entity at balance date	4,355	8,709

Investment manager's fees and other transactions

Pursuant to an Investment Management Agreement, DDH Graham Limited has appointed Joseph Palmer & Sons as Investment Manager (Manager) of the Fund. The principal obligation of the Manager is to invest and manage all investments on behalf of the Responsible Entity.

The Manager is entitled to receive a fee equal to 0.6%pa, payable monthly, on gross assets of the Fund. Fees paid and payable in the year inclusive of non-recoverable goods and services tax from the ATO amounted to \$29,788 (2019: \$30,292) and amount payable at balance date \$2,493 (2019: \$2,498).

Neither DDH Graham Limited or its directors and specified executives or their personally related entities has an ownership interest in the Manager.

Investments

The Fund does not hold any investments in other managed investment schemes to which DDH Graham Limited acts as the responsible entity.

Unitholdings

DDH Graham Limited or its director related entities and partners of Joseph Palmer & Sons may invest in or withdraw (subject to withdrawal offer being opened) from the Fund on the same terms and conditions as those entered by other Fund investors.

Details of units held in the Fund by directors of DDH Graham Limited and partners of Joseph Palmer & Sons are as follows:

2020

Unitholder	Number of units held	Interest held %	Number of units acquired	Distribution paid and or payable \$	Distribution payable at balance date \$
Directors of DDH Graham Limited	100	0.0023	-	8	4
Partners of Joseph Palmer & Sons	223,681	5.0949	-	17,894	8,947

**JOSEPH PALMER & SONS PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Related parties (continued)

2019

Unitholder	Number of units held	Interest held %	Number of units acquired	Distribution paid and or payable \$	Distribution payable at balance date \$
Directors of DDH Graham Limited	100	0.0025	-	7	4
Partners of Joseph Palmer & Sons	223,681	5.5278	-	15,658	8,947

14. Segment information

The Fund operates solely in one business segment being financial investment management, in one geographical location being Australia and holds investments based in Australia.

15. Reconciliation of operating loss to net cash from operating activities

	2020	2019
	\$	\$
(a) Reconciliation of operating income to net cash from operating activities		
Operating income/(loss)	(103,438)	250,158
Realised (gains)/losses on investment securities	-	7,662
Unrealised loss(gain)gain on investment securities	293,730	(91,674)
(Increase)/decrease in receivables	(11,441)	16,567
(Decrease)/increase in accounts payable	(10,676)	21,834
Net cash inflows from operating activities	168,175	204,547

16. Events subsequent to balance date

Apart from the uncertainty associated with COVID-19, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

The directors are not aware of any other significant events since the reporting date.

17. Contingent liabilities and assets and commitments

As at 30 June 2020 the Fund does not have any contingent liabilities, contingent assets or commitments.

**JOSEPH PALMER & SONS PROPERTY FUND
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2020**

In the opinion of the directors of DDH Graham Limited, the Responsible Entity of the Joseph Palmer & Sons Property Fund (the Fund):

1. The financial statements and notes of the Fund, set out on pages 6 to 21, are in accordance with the Corporations Act 2001, including:
 - (a) give a true and fair view of the Fund's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (b) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes of the Fund, set out on pages 6 to 21, are in accordance with the provisions of the Constitution dated 23 September 2008 of the Fund.

This declaration is made in accordance with a resolution of the directors.



**P B Lockhart
Director
DDH Graham Limited
Responsible Entity
Brisbane 10 September 2020**

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF JOSEPH PALMER & SONS PROPERTY FUND

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of 30 June 2020 ("the Fund"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the 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 2020 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the Fund in accordance with 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.

Directors' Responsibilities for the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

DATED THIS 10TH DAY OF SEPTEMBER 2020
BRISBANE