

**HERSTON ROAD HOSPITAL CARPARK  
PROPERTY SYNDICATE  
ARSN 095 469 033**

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**Financial Report  
for the year ended  
30 June 2018**



**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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The directors of DDH Graham Limited the responsible entity ("the Responsible Entity") of the Herston Road Hospital Carpark Property Syndicate ("the Syndicate") present the annual report of the Syndicate for the year ended 30 June 2018 and the auditor's report thereon.

The registered office and place of business of the responsible entity and the Syndicate is Level 9, 324 Queen Street, Brisbane.

**Information on Directors of the Responsible Entity**

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

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<b>Name and qualifications</b>	<b>Age</b>	<b>Experience and special responsibilities</b>
<b>Peter B Lockhart</b>		
Executive Chairman and Joint Managing Director Bachelor of Economics Master of Business Administration	64	Director since 1988. Extensive experience in financial advisory, trust services and superannuation administration. Member of Compliance Committee. Member of Audit Committee.
<b>Ugo C Di Girolamo</b>		
Joint Managing Director Associate Diploma in Business	56	Director since 2000. Over 29 years' experience in financial markets including 15 years in an executive money market role.
<b>David D H Graham</b>		
Bachelor of Commerce Bachelor of Economics (Hons) Master of Business Administration	76	Director since 1986. Extensive experience in financial advisory and trust management services.
<b>Douglas A Graham</b>		
Chief Operating Officer Bachelor of Commerce Bachelor of Arts	44	Director since May 2017. Extensive experience across a range of industries including finance and information technology. Member of the Institute of Chartered Accountants Australia and New Zealand.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
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FOR THE YEAR ENDED 30 JUNE 2018**

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**Principal activities**

The Syndicate was established with the sole purpose of purchasing the leasehold property situated at Herston Road, Herston in the State of Queensland. This was completed with settlement on 23 June 1998.

The Syndicate did not have any employees during the year.

There has been no significant change in the activities of the Syndicate during the financial year.

**Significant Changes in the State of Affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Syndicate that occurred during the year under review.

**Review of Results and Operations**

The Syndicate continued to operate the hospital carpark located on Herston Road. The operations of the car park are conducted by Cornerstone Parking Pty Ltd (Operator) pursuant to a management agreement for a three-year period commencing 1 January 2016.

The performance of the Syndicate, as represented by the results of its operations, was as follows:

	<b>2018</b>	<b>2017</b>
	\$	\$
Net operating income before finance costs attributable to unitholders	1,057,557	809,153
Distributions paid and payable	1,250,000	1,005,000
Distributions (\$ per unit)	12,500	10,050

Car parking gross revenue of \$2,599,627 represents a 14.49% increase on the previous year reflecting the successful marketing and pricing initiatives undertaken in the current and prior years.

**Subsequent Events**

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 Syndicate, the results of those operations, or the state of affairs of the Syndicate in the future financial years.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
DIRECTORS' REPORT  
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**Likely Developments and Expected Results of Operations**

The Syndicate will continue to investigate how best to optimise the use of its Investment Property in terms of increasing revenue, control of operating costs and general upkeep and presentation of the complex. Participants' and other stakeholders will be informed as these matters are considered. At the date of this report it is business as normal.

**Environmental Regulation**

The Syndicate's operations were not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the directors believe that the Syndicate has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Syndicate.

**Distributions**

The cash distribution paid per participant interest for the year ended 30 June 2018 was \$12,500 (2017: \$10,050). Total cash distributions paid by the Syndicate during the year were \$1,250,00 (2017: \$1,005,000)

**Indemnification and Insurance of Officers and Auditors**

*Indemnification*

Under the Syndicate's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Syndicate'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 Syndicate.

The Syndicate has not indemnified any auditor of the Syndicate.

*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 period ended 30 June 2018. The Responsible Entity has paid or agreed to pay in respect of the Syndicate, premiums in respect of such insurance contracts for the year ended 30 June 2019. 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.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Fees Paid to and Interests Held in the Syndicate by the Responsible Entity or its Associates**

Fees paid to the Responsible Entity and its associates during the financial year are disclosed in Note 11 to the financial statements.

No fees were paid out of Syndicate property to the directors of the Responsible Entity during the period.

The number of interests held by the Responsible Entity or its associates are disclosed in Note 11 to the financial statements.

**Interests in the Syndicate**

The value of the Syndicate issued during the financial year, withdrawals from the syndicate during the financial year, and the number of interests in the Syndicate at the end of the financial year is disclosed in Note 9 to the financial statements.

**Assets**

The value of the Syndicate assets at 30 June 2018 is \$6,700,203 (2017: \$6,854,278). The basis of valuation of the investment assets is disclosed in Note 1 to the financial statements.

**Proceedings on Behalf of the Syndicate**

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity in relation to activities performed by the Syndicate. The Responsible Entity was not a party to any such proceedings on behalf of the Syndicate during the year.

**Auditor's Independence Declaration**

The Auditor's Independence Declaration under Section 307C of the Corporations Act is attached to this Financial Report on page 5.

Signed in accordance with a resolution of the directors of the DDH Graham Limited.



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**P B Lockhart  
Director  
DDH Graham Limited  
Responsible Entity  
Brisbane 19 September 2018**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF DDH GRAHAM LIMITED  
AS RESPONSIBLE ENTITY FOR  
HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

**PKF HACKETTS AUDIT**



**Liam Murphy**  
**Partner**

Brisbane, 19 September 2018

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>Revenue</b>			
Gross Revenue		2,599,627	2,270,576
Interest Received		2,574	1,246
<b>Total Revenue</b>		<b>2,602,201</b>	<b>2,271,822</b>
<b>Expenses</b>			
Auditor's Remuneration - Syndicate		11,250	11,000
Audit and accounting – Car Park Manager		4,505	1,000
Compliance Fees		6,500	6,500
Finance Costs – Financial Institutions		357,218	344,394
Depreciation		314,627	313,250
Management Fee – DDH Graham Limited	11	88,266	75,244
Management Fee – Car Park Manager		24,731	24,000
Management Incentive Fee – Car Park Manager		39,510	10,000
Rent – Sub Lease from Queensland Health		201,000	201,000
Other expenses	2	497,037	476,281
<b>Total Expenses</b>		<b>1,544,644</b>	<b>1,462,669</b>
<b>NET PROFIT BEFORE PARTICIPANT DISTRIBUTIONS</b>		<b>1,057,557</b>	<b>809,153</b>
Finance Costs – Participants Distributions		1,250,000	1,005,000
<b>NET LOSS</b>		<b>(192,443)</b>	<b>(195,847)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss Attributable to Participants</b>		<b>(192,443)</b>	<b>(195,847)</b>

The accompanying notes form part of these financial statements.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
STATEMENT OF FINANCIAL POSITION  
AS AT THE YEAR ENDED 30 JUNE 2018**

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	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	157,257	79,343
Trade and other receivables	4	227,195	195,716
Prepayments	5	21,342	20,347
<b>TOTAL CURRENT ASSETS</b>		<b>405,794</b>	<b>295,406</b>
<b>NON-CURRENT ASSETS</b>			
Investment property	6	6,294,409	6,558,872
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,294,409</b>	<b>6,558,872</b>
<b>TOTAL ASSETS</b>		<b>6,700,203</b>	<b>6,854,278</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	156,646	75,741
Financial liabilities	8	7,586,990	42,537
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,743,636</b>	<b>118,278</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	8	102,243	7,689,233
Net assets attributable to participants	9	(1,145,676)	(953,233)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(1,043,433)</b>	<b>6,736,000</b>
<b>TOTAL LIABILITIES</b>		<b>6,700,203</b>	<b>6,854,278</b>

The accompanying notes form part of these financial statements.



**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

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	<b>Participants' Current Account</b>	<b>Participants' Capital Account</b>	<b>Total Net Assets Attributable to Participants'</b>
<b>Balance at 30 June 2016</b>	<b>(5,582,423)</b>	<b>4,825,037</b>	<b>(757,386)</b>
Total comprehensive loss attributable to participants	<b>(195,847)</b>	-	<b>(195,847)</b>
<b>Balance at 30 June 2017</b>	<b>(5,778,270)</b>	<b>4,825,037</b>	<b>(953,233)</b>
Total comprehensive loss attributable to participants	<b>(192,443)</b>	-	<b>(192,443)</b>
<b>Balance at 30 June 2018</b>	<b>(5,970,713)</b>	<b>4,825,037</b>	<b>(1,145,676)</b>

The Syndicate's net assets attributable to participants are classified as a liability under *AASB 132 Financial Instruments: Presentation*.

The accompanying notes form part of these financial statements.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest received		2,574	1,246
Receipts from customers		2,568,148	2,243,975
Refunds/Payments of GST		10,724	19,749
Payments to suppliers/property creditors		(684,825)	(688,219)
Management fee		(149,342)	(111,051)
Interest & other net costs of finance		(326,664)	(371,554)
Cash distributions		(1,250,000)	(1,005,000)
<b>Net cash provided by/(used in) operating activities</b>	12	<b>170,615</b>	<b>89,146</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for property plant & equipment		(50,164)	(186,302)
<b>Net cash provided by/(used in) investing activities</b>		<b>(50,164)</b>	<b>(186,302)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	226,742
Repayment of borrowings		(42,537)	(99,972)
<b>Net cash provided by/(used in) financing activities</b>		<b>(42,537)</b>	<b>126,770</b>
Net increase/(decrease) in cash held		77,914	29,614
Cash and cash equivalents at beginning of the year		79,343	49,729
<b>Cash and cash equivalents at end of the year</b>	3	<b>157,257</b>	<b>79,343</b>

The accompanying notes form part of these financial statements.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 1 Basis of preparation and Significant Accounting Policies**

**Reporting Entity**

Herston Road Hospital Carpark Property Syndicate (Syndicate) is a registered managed investment scheme under the Corporations Act 2001, established and domiciled in Australia. This financial report of the Syndicate is for the year ended 30 June 2018.

The Responsible Entity of the Syndicate 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 in accordance with a resolution of the Board of Directors of the Responsible Entity on 19 September 2018.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Syndicate is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are stated in Australian Currency.

**Net Current Asset Deficiency**

Notwithstanding the Syndicate's reporting a net current asset deficiency of \$7,337,842 (2017: \$177,128 surplus), the financial statements have been prepared on a going concern basis as the Syndicate's directors believe that with the ongoing support of its lenders and members the Syndicate will be able to pay its debts as and when they fall due and payable.

DDH Graham Limited have commenced discussions with the Syndicate's financier, National Australia Bank (NAB), in renewing the secured loan facility at expiry date of 28 February 2019 (Note 8). The NAB have indicated its intention to provide a formal approval to extend the current facility for a further term of 3-5 years.

In the event that the Syndicate is unable to continue as a going concern, it may be necessary to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different to those stated in the financial statements. No allowance for such circumstances has been made in the financial report.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Statement of Compliance with IFRS**

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the Financial Statements comply with International Financial Reporting Standards ('IFRS').

**Changes in Accounting Policies**

The Syndicate has consistently applied the accounting policies set out below to all periods presented in these financial statements.

**Significant Accounting Policies**

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

**(a) Income Tax**

The Syndicate operates as a partnership for income tax purposes and therefore there is no liability for taxation which needs to be reflected in the financial statements.

**(b) Investment Property**

Investment Properties which include land, buildings and integral plant and equipment have the function of an investment and are regarded as a composite asset. Under AASB 140: Investment Property, the cost method has been adopted for the purposes of accounting for the value of Syndicate property. As a result, regard must be had to the relevant provisions in AASB 116: Property, Plant & Equipment. Under AASB 116, each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of that item shall be depreciated separately.

The depreciation charge for each period shall be recognised in the profit or loss over the item's useful life. Land has an unlimited useful life and is therefore not depreciated. However, buildings and integral plant and equipment have a limited useful life and are therefore depreciated.

In accordance with AASB 116: Property, Plant & Equipment expenses capitalised to properties include the cost of acquisition, additions, refurbishments, redevelopments and fees incurred.

The Syndicate Constitution requires that all property investments be valued at intervals of not more than three years. The latest valuation was undertaken as at 14 November 2016 and valued on a leased basis at \$17,700,000,000 exclusive of GST.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**(c) Depreciation**

The depreciable amount of investment property, including integral plant & equipment, is depreciated on a straight-line or diminishing value basis over the useful life of the property to the Syndicate commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.50% <i>Straight-Line</i>
Integral Plant & Equipment	10-40% <i>Diminishing Value</i>

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

**Impairment of Assets**

At each reporting date, the directors of the Responsible Entity review the carrying values of the Syndicates' assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value-in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to Statement of Profit or Loss and Other Comprehensive Income.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(e) Revenue**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Car park revenue is collected and receipted by the Cornerstone Parking Pty Ltd (Operator) and passed onto the Syndicate in the following month in which it is received.

Interest is recognised using the effective interest rate method.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**(f) Expenses**

All expenses, including management fees and responsible entity fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

**(g) Outgoing Recoveries**

Outgoings recovered represent the portion of property expenses that are recoverable from the Operator. Recoveries are recognised as revenue at the point in which the Operator becomes legally obliged to reimburse the Syndicate for the outgoings.

**(h) Distributions**

In accordance with the Constitution of the Syndicate and applicable taxation legislation, the Syndicate distributes its distributable income and any other amounts determined by the Responsible Entity, to participants by cash or reinvestment. The distributions are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs attributable to participants.

Distributions paid are included in cash flows from operating activities in the Statement of Cash Flows.

**(i) Receivables**

Receivables include amounts for car parking revenue, interest and other amounts owed to the Syndicate at balance date.

Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of the last payment in accordance with the policy set out in note 1(e) above.

Amounts are generally received within 30 days of being recorded as receivables.

Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income as the difference between the assets carrying value and the present value of estimated future cash flows discounted at the original effective interest rate.

**(j) Payables**

Payables include liabilities and accrued expenses owing by the Syndicate which are unpaid as at balance date.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(l) Comparative Figures**

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

**(m) Equity**

The Syndicate does not have equity as defined in AASB 132 'Financial Instruments'. Participant's interests are classified as debt interest under this standard.

**(n) 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.

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

**(o) New Accounting Standards and Interpretations not yet mandatory or early adopted**

The following standards and amendments to standards have been identified as those which may impact the Fund in the period of initial application. They are available for early adoption at 30 June 2018 but have not been applied in preparing these financial statements.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
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**(o) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)**

*AASB 9 Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this new standard to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

*AASB 15: Revenue from Contracts with Customers* is effective from 1 January 2018 and will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of controls replaces the existing notion of risk and reward.

The Syndicate's main source of income is car parking fees received by customers utilising the car park. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Syndicate's accounting policies or the amounts recognised in the financial statements.

*AASB 16: 'Leases'*, and associated Amending Standards is effective from 1 January 2018 and replaces AASB 117 and some related interpretations.

Directors do not expect this new standard to have a significant impact on the transactions and balances recognised in the financial statement.



**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
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<b>Note 2 Other expenses</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Accounting Fees	2,750	2,600
Administration Expenses	5,306	4,800
Bank Charges	37,475	33,162
Cleaning	25,149	22,249
Electricity	68,050	69,490
Filing Fees	64	2,390
Insurance	36,677	36,463
Employment & Associated Overheads	91,955	78,142
Lift Expenses	22,709	20,526
Marketing & Promotions	11,054	7,344
Printing & Stationery	606	773
Rates	29,641	30,304
Repairs & Maintenance	88,655	69,900
Security Expenses	47,169	47,604
Signs	5,109	6,598
Sundry Expenses	1,408	2,018
Supervision	4,233	4,200
Telephone & Data Line	5,272	9,872
Tickets & Pass Cards	13,755	12,846
Valuation	-	15,000
<b>Total other expenses</b>	<b>497,037</b>	<b>476,281</b>
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<b>Note 3 Cash and cash equivalents</b>		
Cash at bank	<b>157,257</b>	<b>79,343</b>
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<b>Note 4 Trade and Other Receivables</b>		
Car parking revenue receivable	<b>227,195</b>	<b>195,716</b>
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**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 4 Trade and Other Receivables (continued)**

Due to the short-term nature of receivables, the carrying value is assumed to approximate the fair value.

Trade receivables are generally aged on 30-day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment.

As at 30 June 2018 and 30 June 2017 all trade receivables were within their 30-day payment terms.

During the year there was no impairment or movement in the provision for doubtful debts of trade receivables for the Syndicate (2017: Nil).

<b>Note 5 Prepayments</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Insurance	15,609	14,824
Maintenance Agreements	5,733	5,523
	<b>21,342</b>	<b>20,347</b>
<hr/>		
<b>Note 6 Investment Property</b>		
Investment property at cost	12,583,316	12,533,152
Less: accumulated depreciation	(6,288,907)	(5,974,280)
	<b>6,294,409</b>	<b>6,558,872</b>
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The investment property is the Syndicate's interest in a sublease of land with the North Brisbane Hospitals Board expiring 29 June 2061 and improvements undertaken by the Syndicate.

The land is leased to the North Brisbane Hospitals Board by way of a Special Lease from the Crown for the term of 75 years expiring 30 June 2061.

The investment property at Herston Road has a carrying value of \$6,294,409 (2017: \$6,558,872) under AIFRS, based on cost less accumulated depreciation calculated in accordance with AASB 116: Property, Plant & Equipment.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 6 Investment property (continued)**

A valuation of the property was undertaken by Knight Frank Valuations Queensland on 14 November 2016 and assessed the value at \$17,700,000. This valuation was not brought to account as investment property is recorded at cost less accumulated depreciation and accumulated impairment losses as disclosed in Note 1(b). The directors estimate this represents fair value of the investment property.

Reconciliation of movements in investment property:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of year	6,558,872	6,860,411
Additions	50,164	11,711
Disposals	-	-
Depreciation expense	(314,627)	(313,250)
Carrying amount at the end of year	<b>6,294,409</b>	<b>6,558,872</b>

**Note 7 Trade and Other Payables**

Trade payables	72,523	31,520
Accrued expenses	41,804	12,626
GST payable	42,319	31,595
	<b>156,646</b>	<b>75,741</b>

**Note 8 Financial Liabilities**

**CURRENT**

Equipment finance loan – National Australia Bank Limited	44,990	42,537
Secured Loan – National Australia Bank Limited	7,542,000	-
	<b>7,586,990</b>	<b>42,537</b>

**NON-CURRENT**

Equipment finance loan – National Australia Bank Limited	102,243	147,233
Secured Loan – National Australia Bank Limited	-	7,542,000
	<b>102,243</b>	<b>7,689,233</b>

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 8 Financial Liabilities (continued)**

*Equipment finance Loan*

The syndicate financed the upgrade of the car park equipment with a 5-year equipment finance loan expiring 31 July 2021.

*Secured loan*

The total funding available under the facility is \$7,656,000 (2017: \$7,656,000). The value of the facility utilised at 30 June 2018 was \$7,542,000 (2017: \$7,542,000). The facility is secured by a registered first mortgage over the property situated at Herston Road, Herston and is due to expire on 28 February 2019.

<b>2018</b>	<b>2017</b>
\$	\$

**Note 9 Participants' Interests**

**i) Participants' Capital Accounts**

Participants Interests

Balance at beginning of year	4,825,037	4,825,037
Total participants' interests at end of year	<b>4,825,037</b>	<b>4,825,037</b>

**ii) Participants' Current Accounts**

Balance at beginning of year	(5,778,270)	(5,582,423)
Changes in net assets attributable to participants recognised in the statement of comprehensive income	(192,443)	(195,847)
Total participants' interests at end of year	<b>(5,970,713)</b>	<b>(5,778,270)</b>

**iii) Total Participant Funds**

Total participant funds at beginning of year	(953,233)	(757,386)
Changes in net assets attributable to participants recognised in the Statement of Profit or Loss and Other Comprehensive Income.	(192,443)	(195,847)
Total participant funds at end of year	<b>(1,145,676)</b>	<b>(953,233)</b>

The Syndicate's net assets attributable to participants are classified as a liability under *AASB 132*.

Each participant holds voting rights corresponding to the respective portions of each Syndicate Member. Upon termination of the Syndicate, members shall receive a distribution of net proceeds.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 9 Participants' Interests (continued)**

**Capital Risk Management**

The Syndicate manages Participants Interests, which are treated as a liability under AIFRS, as capital. The Syndicate's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Syndicate may adjust the amount of distributions paid to participants, return capital to participants or issue new interests. During 2018, the Syndicate's capital management strategy was unchanged from 2017. The Syndicate is not subject to any external capital restrictions.

**Note 10 Contingent Assets and Liabilities and Commitments**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Operating lease commitments.		
Future minimum lease payments due on non-cancellable operating leases:		
Not later than one year	201,000	201,000
Later than one year but not later than five years	804,000	804,000
Later than 5 years	7,638,000	7,839,000
	<b>8,643,000</b>	<b>8,844,000</b>

The lease expires on 29 June 2061. There were no other contingent assets, liabilities or commitments at 30 June 2018.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 11 Related Parties**

The Responsible Entity during the year was DDH Graham Ltd.

**Key Management Personnel**

Directors and Officers of DDH Graham Ltd are key management personnel of the company. The names of directors of DDH Graham Ltd during the year were Messrs DDH Graham, PB Lockhart, UC Di Girolamo and DA Graham.

Remuneration of the directors is paid directly by DDH Graham Limited. The directors are not provided with any remuneration by the Syndicate.

**Key Management Personnel Unitholding**

As at 30 June 2018, DDH Graham Limited or its directors or their personally-related entities held directly or indirectly nil interests in the Syndicate.

**Responsible entity's fees and other transactions**

Under the terms of the Syndicate's Constitution, the Responsible Entity is entitled to receive a management fee and recover administrative and services costs incurred on behalf of the Syndicate. Details of these transactions are as follows inclusive of non-recoverable goods and services tax from the ATO on such expenditure.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Management fee	<b>88,266</b>	<b>75,244</b>

**Note 12 Cash Flow Information**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of Operating Loss to net cash from Operating Activities</b>		
Net loss	(192,443)	(198,847)
<b>Non-cash flows in profit</b>		
Depreciation	314,627	313,250
Loss on scrapping of assets	-	-
<b>Change in assets and liabilities during the year:</b>		
Decrease/(increase) in trade and other receivables	(31,479)	(26,603)
Decrease/(increase) in prepayments	(995)	23,666
Increase / (decrease) in trade and other payables	80,905	(25,320)
<b>Net cash provided by operating activities</b>	<b>170,615</b>	<b>89,146</b>

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 13 Financial Instruments**

The Syndicate's principal financial instruments comprise receivables, payables, bank borrowings, and cash and cash equivalents.

The Syndicate manages its exposure to key financial risks, including interest rate risk in accordance with the Syndicate's financial risk management policy. The objective of the policy is to support the delivery of the Syndicate's financial targets whilst protecting future financial security.

The main risks arising from the Syndicate's financial instruments are interest rate risk, credit risk and liquidity risk. The Syndicate uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices.

Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk is monitored through the development of future rolling cash flow forecasts.

During the year responsibility for identification and control of financial risks rests with the directors of DDH Graham Limited as the Responsible Entity.

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will affect the Syndicate's income or the value of its obligations and arises on floating debt rate. The Syndicate's exposure to market interest rates relates primarily to the Syndicate's debt obligations as disclosed in Note 8.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**Note 13 Financial Instruments (continued)**

At balance date, the Syndicate had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	<b>157,257</b>	<b>79,343</b>
<b>Financial Liabilities</b>		
Secured loan facility – variable rate	<b>7,542,000</b>	<b>7,542,000</b>

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post profit and equity would have been affected as follows:

	<b>Post Tax Profit</b>		<b>Equity</b>	
	<b>Higher/(Lower)</b>		<b>Higher/(Lower)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$	\$
+1.00% (100 basis points)	(73,847)	(74,627)	(73,847)	(74,627)
-1.00% (100 basis points)	73,847	74,627	73,847	74,627

Equipment finance loan is a fixed rate facility and not subject interest rate risk.

**Liquidity Risk**

The table below reflects the contractual maturity of financial liabilities where the respective undiscounted cash flows for the respective upcoming fiscal years are presented:

	<b>2018</b>	<b>2017</b>
	\$	\$
6 months or less	363,682	273,606
6 months – 12 months	7,626,092	196,044
1 – 2 years	52,123	7,821,981
2 – 5 years	56,467	108,590
	<b>8,098,364</b>	<b>8,400,221</b>



**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**Note 14 Segment Reporting**

The Syndicate operates in the property investment industry and all assets are located in Australia.

**Note 15 Compliance Committee Remuneration**

At balance date Mr A Fraser and Mr P Short were external members of the Compliance Committee and have received remuneration as prescribed by the Syndicate Constitution as an annual fee as set out in the statement of comprehensive income. The fee is paid by the Syndicate.

**Note 16 Syndicate information**

The Syndicate was due to terminate 12 years from the date the contract to purchase the property was executed. Participants, in accordance with the Constitution agreed to extend the termination date of the Syndicate to 23 June 2022.

Information in respect of Participant's interests in the Syndicate is as follows:

Nature of Interest	Per Participant's Interest	
	2018	2017
	\$	\$
Share of Net Assets	(11,457)	(9,532)
Gross Receipts	25,996	22,705
Distributions Paid to Participants	12,500	10,050

A participant Interest is a reference to 1/100 share in the Syndicate (or a \$50,000 investment).

**Registered Office**

At the date of this report, the Syndicate's Registered Office is Level 9, 324 Queen Street, Brisbane QLD 4000.

**Principal Place of Business**

At the date of this report, the Syndicate's Principal Place of Business is Level 9, 324 Queen Street, Brisbane QLD 4000.

**Note 17 Subsequent Events**

There has not arisen in the interval between the end of the financial year and the date of this Report not otherwise disclosed elsewhere in the financial statements, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Responsible Entity, to affect significantly the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future years.

**HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2018**

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In the opinion of the directors of DDH Graham Limited, the Responsible Entity of the Herston Road Hospital Carpark Property Syndicate:

1. The financial statements and notes of the Syndicate, set out on pages 6 to 24, are in accordance with the Corporations Act 2001, including:
  - (a) give a true and fair view of the Syndicate's financial position as at 30 June 2018 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 Syndicate will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes of the Syndicate, set out on pages 6 to 24, are in accordance with the provisions of the Constitution of the Syndicate.

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



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**Mr Peter B Lockhart  
Director  
DDH Graham Limited  
Responsible Entity  
19 September 2018**

## INDEPENDENT AUDITOR'S REPORT TO DDH GRAHAM LIMITED AS RESPONSIBLE ENTITY FOR HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE

### Report on the Financial Report

#### Opinion

We have audited the financial report of Herston Road Hospital Carpark Property Syndicate ("the Syndicate"), which comprises the statement of financial position as at 30 June 2018, 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 the directors' declaration.

In our opinion, the accompanying financial report of Herston Road Hospital Carpark Property Syndicate is in accordance with the *Corporations Act 2001*, including:

- i) Giving a true and fair view of the Syndicate's financial position as at 30 June 2018 and of its performance for the year ended; and
- ii) 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 Syndicate in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Syndicate, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Directors' Responsibilities for the Financial Report

The Directors of the Syndicate 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 Syndicate'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 company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO DDH GRAHAM LIMITED AS RESPONSIBLE  
ENTITY FOR HERSTON ROAD HOSPITAL CARPARK PROPERTY SYNDICATE  
(CONTINUED)**

**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 audit report.

*PKF HACKETTS*

**PKF Hacketts Audit**



**Liam Murphy**  
**Partner**

Brisbane, 19 September 2018