

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020**

This is Annexure A of 19 pages
Referred to in Form 388:
Annual Reports



Robert Garton Smith - Director

Dated the 16th day of September 2020

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

| <u>CONTENTS</u> | <u>PAGE NO</u> |
|------------------------------------|-----------------------|
| Directors' Report | 1 |
| Auditor's Independence Declaration | 4 |
| Directors' Declaration | 5 |
| Statement of Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 |
| Auditors Report | 16 |

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

DIRECTORS' REPORT

The board of directors of Primary Securities Ltd (Primary) the Responsible Entity of Willmott Forests 1995-1999 Project (the Project) presents its report for the year ended 30 June 2020.

Directors

The names of the Directors of the Responsible Entity in office during the financial year end and up to the date of the report are:

David Butterfield
Robert Garton Smith
Natasha Olsen

Principal Activities

The principal activity of the Project was the growing and harvesting of radiata pine trees on plantations located in South East New South Wales.

Other than discussed in the review of results and operations below there have been no significant changes in the nature of those activities during this period.

Review of Results and Operations

For the year ended 30 June 2020 \$5,518,904 (2019: \$6,324,635) gross harvest proceeds were generated from thinning and harvest.

Net profit / (loss) attributable to Growers for the year ended 30 June 2020 was \$1,265,689 (2019: \$542,698).

The plantations survived the bushfires.

The Responsible Entity has slowed the thinning program which will extend the period to clearfall for the remaining plantations. This will give the trees more opportunity to grow and mature in order to produce larger high quality sawlogs which will maximise returns to Growers.

Operations carried out were harvest management and supervision, road construction and maintenance, fire maintenance and standby, including clearing internal tracks and firebreaks, control of noxious weeds and pests, general maintenance and negotiating timber sale contracts.

The Responsible Entity settled a claim for damages made in 2011 on behalf of all Growers against the liquidators of Willmott Forests Ltd which means that the Project will receive some amount from the final distribution to unsecured creditors which amount is expected to exceed the costs of making the claim (\$28,444).

Distributions

Distributions of \$589,308 equal to \$182 per Entitlement (2019: \$808,202; \$250 per Entitlement) were paid or payable to growers during the year.

As per our letter to growers dated 11 June 2020, a further distribution of \$150 per Entitlement for the 2019-2020 financial year has been postponed.

Unpaid distributions at 30 June 2020 were \$65,916 (2019: \$187,101) due to unresolved issues with growers who have loans with Willmott Finance Ltd.

WILLMOTT FORESTS 1995-1999 PROJECT ARSN 089 598 612

DIRECTORS' REPORT

Environmental Regulation

The operations of the Project are subject to the Plantations and Reafforestation Act 1999 and (Code) Regulation 2001 (NSW). All operations are carried out in accordance with the applicable Acts and Regulations and there have been no significant breaches of the legislation.

Significant Changes in State of Affairs

Other than as reported in Review of Results and Operations there have been no significant changes in the state of affairs.

Matters Subsequent to End of Financial Year

Thinning harvest is continuing.

The number of interests (Entitlements) is being further reduced by 61 Entitlements following the Responsible Entity's offer to buy back Entitlements from the receivers of Willmott Forests Ltd and from any Growers who wished to sell at a discounted price out of necessity or hardship,

Indemnifying of Directors and Officers

During the period ended 30 June 2020, the Responsible Entity paid a premium in respect of a contract insuring the directors, the secretary and executive officers of the Responsible Entity against a liability incurred to the extent permitted by the Corporations Act 2001. The disclosure of premium paid is not permitted under the contract.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

Project Information

No interests in the Project were held by the current Responsible Entity or associates at the end of the period.

No interests (Entitlements) were issued by the Project during the year.

The Responsible Entity bought back and cancelled 15 interests (Entitlements) during the year.

The number of interests (Entitlements) in the Project at the end of the financial period was 3,217.81 (2019: 3,232.81). Since 30 June 2020, the number of Entitlements has been further reduced to 3,156.81.

The number of gross Hectares in the Project at the end of the financial period was 3,954 (2019: 3,954). Net planted hectares at 30 June were 2,129 (2019: 2,129)

The value of the Project's net assets at the end of the period was \$nil.

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

DIRECTORS' REPORT

Non forestry costs paid to the Responsible Entity

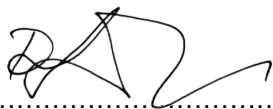
Total non-forestry costs paid or payable to Primary for the financial year ended 30 June 2020 were \$147,176 (2019: \$172,439) as follows:

| | 2020 | 2019 |
|--------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Annual Responsible Entity Fees | 89,365 | 87,791 |
| Accounting & Registry | 34,421 | 44,044 |
| General Management | 23,390 | 28,059 |
| Property / Land Purchase | - | 6,867 |
| Sale of Land & Plantations | - | 5,678 |
| | <u>147,176</u> | <u>172,439</u> |

Auditors Independence Declaration

The auditor of the Project has provided the Directors of the Responsible Entity with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is included within the financial statements.

Signed in accordance with a resolution of the Board of Directors of Primary Securities Ltd.



.....
ROBERT GARTON SMITH
Managing Director

Dated this 16th September 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the Willmott Forests 1995-1999 Project for the year ended 30 June 2020, I declare that, 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.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 16 September 2020

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

DIRECTORS' DECLARATION

In the opinion of the Directors of Primary Securities Ltd, the Responsible Entity of Willmott Forests 1995-1999 Project:

- (i) The financial statements and notes set out on page 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) Giving a true and fair view of the financial position of the Project as at 30 June 2020 and of its performance for the year ended on that date;
- (ii) There are reasonable grounds to believe that the Project will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Primary Securities Ltd.



.....
Robert Garton Smith
Managing Director

Dated this 16th September 2020

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020**

| | 2020 | 2019 |
|--|-------------------------|-----------------------|
| | \$ | \$ |
| Revenue from ordinary activities | | |
| Harvest proceeds | 5,518,904 | 6,324,635 |
| Settlement proceeds (net) sale of land and trees | - | 135,110 |
| Licence and rental income | 54,184 | 55,662 |
| Interest income | 613 | 5,070 |
| | <u>5,573,701</u> | <u>6,520,477</u> |
| Expenses | | |
| Harvest and haulage | 3,449,968 | 4,690,839 |
| Plantation management | 316,983 | 345,930 |
| Road construction costs | 65,660 | 446,213 |
| Custodian fees | 17,116 | 16,868 |
| Responsible entity fees | 89,365 | 87,791 |
| Management expenses | 82,877 | 113,576 |
| Insurances | 195,689 | 198,192 |
| Rates and taxes | 27,039 | 33,816 |
| Depreciation | 6,632 | 7,018 |
| Legal fees – rejection of proof of debt | 28,444 | - |
| Legal fees – general | 7,120 | 1,088 |
| Sale of land and plantations | - | 7,048 |
| Other expenses | 21,119 | 29,400 |
| | <u>4,308,012</u> | <u>5,977,779</u> |
| Total comprehensive income / (loss) attributable to growers | <u>1,265,689</u> | <u>542,698</u> |

The accompanying notes form part of these financial statements

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**STATEMENT OF FINANCIAL POSITION
As at 30 June 2020**

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|-------------------------|-------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 678,587 | 126,713 |
| Trade and other receivables | 5 | 1,164,588 | 1,079,320 |
| Prepayments | | 70,487 | 53,244 |
| Pipes for Rooding | | 1,508 | 5,164 |
| Total Current Assets | | <u>1,915,170</u> | <u>1,264,441</u> |
| Non-Current Assets | | | |
| Fixed assets | | 77,426 | 31,446 |
| Land ¹ | | 2,340,905 | 2,340,905 |
| Other assets | | 209,143 | 201,161 |
| Total Non-Current Assets | | <u>2,627,474</u> | <u>2,573,512</u> |
| TOTAL ASSETS | | <u>4,542,644</u> | <u>3,837,953</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 6 | 627,551 | 665,560 |
| Loans and borrowings | 7 | 10,986 | - |
| Grower's profits | | 3,848,775 | 3,172,393 |
| Total Current Liabilities | | <u>4,487,312</u> | <u>3,837,953</u> |
| Non-Current Liabilities | | | |
| Loans and borrowings | 7 | 55,332 | - |
| Total Non-Current Liabilities | | <u>55,332</u> | <u>-</u> |
| TOTAL LIABILITIES | | <u>4,542,644</u> | <u>3,837,953</u> |
| NET ASSETS | | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

The statement of financial position does not include the value of the trees on the Growers' Woodlots.

In *Capelli v Shepard [2009] VSCA 2 at para 151* the Victorian Court of Appeal declared that scheme property includes not ownership of the trees, but rather *the rights over and interests* in all trees which were acquired with the proceeds of investors' contributions to a particular registered forestry scheme, being trees standing on allotments leased by investors in that scheme, were part of the scheme property of that particular scheme.

¹ The market value of the land as at 30 June 2019 was assessed by an independent valuer as being \$3,340,000 assuming the trees have been clear-felled and the land available for sale or vacant possession subject to stumps remaining in situ but the land is cleared from logging slash and other debris. While the land is held in trust for Growers, no separate trust accounts have been prepared and the land has been treated as an asset of the Project for the purposes of these financial statements.

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

The Constitution for the Project permits the Responsible Entity to take out fire insurance “to cover the cost of planting new trees on the Land to replace any trees as may be damaged or destroyed by fire”. Another clause of the Constitution permits the Responsible Entity to “insure any Asset including public risk insurance and insurance related to forestry or Business activities being conducted on any Asset”. The Responsible Entity regards this clause as giving it a wide power to insure the trees.

The directors of the Responsible Entity have completed a review as to how the trees on the Woodlots leased by Growers in the Project should be insured. Given that mature trees can be expected to have some salvage value in the event of a fire, on the basis of advice from an independent forester, the directors have decided to insure the trees for what might be the shortfall between the salvage value and the current estimated value of the trees. For this purpose, the current value of the trees has been assessed by the Responsible Entity as being approximately \$12,000 per Hectare or approximately \$8,000 per Entitlement (or a total value for the whole plantation of \$25,000,000). With an assumption that following a fire, the salvage value might be 60% of current estimated value, the Responsible Entity has insured the trees for 40% of that estimated value at a total cost of approximately \$280,000.

No formal valuation of the trees has taken place since 2017, the estimated value is the Responsible Entity’s internal estimate, and Growers should not rely on the estimates of the Responsible Entity as to the current value of their trees.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Balance brought forward | - | - |
| Comprehensive income / (loss) for the year | 1,265,689 | 542,698 |
| Distribution to growers | (1,265,689) | (542,698) |
| | <hr/> | <hr/> |
| Balance carried forward | - | - |

The accompanying notes form part of these financial statements.

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**STATEMENT OF CASH FLOWS
For the year ended 30 June 2020**

| | 2020 | 2019 |
|---|-------------------------|---------------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Harvest proceeds | 5,498,634 | 6,063,856 |
| Settlement proceeds | - | 530,110 |
| Licence, rental and other income | 72,067 | 43,322 |
| Interest received | 613 | 5,070 |
| Payments to suppliers | (4,295,712) | (5,994,629) |
| Net cash flow from operating activities | <u>1,275,602</u> | <u>647,729</u> |
| Cash flows used in investing activities | | |
| Purchase of fixed assets | 5,986 | (291) |
| Stamp Duty (land purchase) | - | (128,905) |
| Distributions paid | (710,492) | (1,505,428) |
| Transfer of hectares and other assets | (19,222) | 2,733 |
| Net cash flow used in investing activities | <u>(723,728)</u> | <u>(1,631,891)</u> |
| Net increase/(decrease) in cash held | 551,874 | (984,162) |
| Cash at beginning of year | 126,713 | 1,110,875 |
| CASH AT END OF FINANCIAL YEAR | <u>678,587</u> | <u>126,713</u> |

Reconciliation of net profit attributable to growers to net cash flow from operating activities:

| | 2020 | 2019 |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| Net profit / (loss) attributable to growers | 1,265,689 | 542,698 |
| Change in operating assets and liabilities | | |
| Movement in receivables | (98,855) | (182,766) |
| Movement in other payables | 102,136 | (114,221) |
| Non-cash depreciation | 6,632 | 7,018 |
| Non-cash cost of land sold | - | 395,000 |
| Net cash flow from operating activities | <u>1,275,602</u> | <u>647,729</u> |

The accompanying notes form part of these financial statements.

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Project is a registered Managed Investment Scheme under the Corporations Act 2001.

Primary Securities Ltd, the Responsible Entity of the Project, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at 3 Shuffrey Street, Fremantle, Western Australia, 6160.

a. Basis of Accounting Preparation

This general purpose financial report has been prepared in accordance with the Constitution and with Australian equivalents to the International Financial Reporting Standards Board and the Corporations Act 2001.

Willmott Forests 1995-1999 Project is a for-profit entity for the purpose of preparing financial statements.

The preparation of financial statements under AIFRS required the use of certain critical accounting estimates and requires that management exercise its judgement in the process of applying the Project's accounting policies. Due to the nature of the Project's activities there are no major areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Costs are based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars which is the Project's functional and presentation currency.

New, revised and amended Accounting Standards and Interpretations not adopted by the Project

The Responsible Entity has reviewed the new accounting standards and interpretations which have been published but are not mandatory for 30 June 2020 reporting periods.

The Responsible Entity's assessment is that the new pronouncements will have no impact on the amounts recognised in the financial statements but may affect the format of their disclosure in future years.

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New, revised and amended Accounting Standards and Interpretations adopted by the Project

The Responsible Entity has reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

The new accounting standards are as follows:

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

AASB 16 Leases requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

Lessees will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

As the Project does not hold or and did not enter into any lease contracts during the year ended 30 June 2020 the adoption of AASB 16 did not impact or result in a material change to the financial statements in the current or prior period.

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

b. Revenue recognition

Revenue from the sale of agricultural produce is recognised when the produce has been delivered to the customer, the customer has accepted the produce and it is probable that the related receivable will be collected.

Proceeds from insurance claims for damages to the trees in the plantation, caused by events for which the Responsible Entity has taken out plantation insurance, are recognised as revenue when received.

c. Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020**

d. 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Biological Assets

As the trees are the assets of the growers they are not recorded in the Project accounts.

e. Trade and Other Receivables

Receivables are recognised and carried at original amount, less a provision for any uncollected debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

f. Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Project.

Payables include distributions payable.

g. Goods and Services Tax (GST)

Amounts recognised as receivable and payables at balance date include the amount of GST receivable and payable.

h. Land

Land is recognised and carried at its encumbered value.

2 INCOME TAX

All Project assets and any income of the Project are held on behalf of either the growers or the Responsible Entity. The Project does not derive any income on its own account and accordingly is not subject to income tax.

3 REMUNERATION OF AUDITORS

The Responsible Entity bears the cost of the audit of both the Project and its Compliance Plan.

4 CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents:

For the purposes of the Statement of Financial Position and the Cash Flow Statement, cash and cash equivalents comprise:

| | 30 June 2020 | 30 June 2019 |
|--------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Cash at bank and in hand | <u>678,587</u> | <u>126,713</u> |

**WILLMOTT FORESTS 1995-1999 PROJECT
ARSN 089 598 612**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020**

5 TRADE AND OTHER RECEIVABLES

| | 30 June 2020 | 30 June 2019 |
|-----------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Harvest proceeds receivable | 1,059,906 | 1,039,636 |
| Other receivables | 104,682 | 39,684 |
| | <u>1,164,588</u> | <u>1,079,320</u> |

6 TRADE AND OTHER PAYABLES

| | 30 June 2020 | 30 June 2019 |
|-----------------|-------------------------|-------------------------|
| | \$ | \$ |
| Trade creditors | 491,882 | 389,746 |
| Distribution | 65,916 | 187,101 |
| Other payables | 136,071 | 88,713 |
| | <u>693,869</u> | <u>665,560</u> |

7 LOANS AND BORROWINGS

| | 30 June 2020 | 30 June 2019 |
|---------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Purchase of Toyota Hilux | | |
| Current | 10,986 | - |
| Non-current | 55,232 | - |
| | <u>66,318</u> | <u>-</u> |

Loan terms include \$24,506 balloon payment.

8 KEY MANAGEMENT PERSONNEL

a. Responsible Entity

Primary Securities Ltd is the Responsible Entity for the Project and represents the interests of Growers.

b. Details of Key Management Personnel

The Directors of Primary Securities Ltd are considered to be key management personnel of the Project. The Directors in office on appointment as Responsible Entity of the Project and at the date of this report are:

David Butterfield
Robert Garton Smith
Natasha Olsen

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

9 COMMITMENTS

The Directors are not aware of any commitments that would have a material impact upon the financial statements.

10 MATTERS SUBSEQUENT TO END OF FINANCIAL YEAR

Thinning and harvest continue.

The Project is in the process of taking out fire insurance for the coming year.

The number of interests (Entitlements) is being further reduced by 61 Entitlements following the Responsible Entity's offer to buy back entitlements from the receivers of Willmott Forests Ltd and from any Growers who wished to sell at a discounted price out of necessity or hardship,

The financial report was approved on 16th September 2020.

11 RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted on commercial terms and conditions.

12 REMUNERATION AND RETIREMENT BENEFITS TO DIRECTORS

No amount was paid by the Project directly to the Directors of the responsible entity. Consequently, no compensation, as defined in AASB 124 "Related Party Disclosures" has been paid by the Project to the Directors as Key Management Personnel.

13 FEES PAID TO THE RESPONSIBLE ENTITY

This financial report records the assets, liabilities, revenues and expenses of the Project. Reconstruction Fees and Management Fees are paid to the Responsible Entity.

Any Reconstruction and Management fees received by the Responsible Entity are then used by the Responsible Entity as Manager for the purposes as allowed in the Constitution.

Reconstruction and Management fees billed by Primary Securities Ltd to growers during the reporting period were \$nil (2019: \$ nil).

Total non-forestry costs paid or payable to Primary Securities Ltd for the financial year ended 30 June 2020 were \$147,176 (2019: \$172,439).

14 INTERESTS IN THE PROJECT HELD BY THE RESPONSIBLE ENTITY AND ASSOCIATES

As at 30 June 2020 no interests were held by the Responsible Entity, Primary Securities Ltd or its associates.

15 CONTINGENT LIABILITIES

There are no known contingent liabilities as at the reporting date.

WILLMOTT FORESTS 1995-1999 PROJECT

ARSN 089 598 612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

16 CAPITAL AND FINANCIAL RISK MANAGEMENT

Due to its nature the Project does not have a capital structure and the Board of the Responsible Entity has determined that the Project does not require a capital management strategy.

The Project's activities may expose it to a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. The Responsible Entity closely monitors the Project's activities to minimise potential adverse effects on the financial performance and financial position of the Project.

Accounting policies, terms and conditions

Cash is recognised at face value and is held in trust accounts in the name of the Responsible Entity.

Receivables are carried at their invoiced value less any provisions for doubtful debts. Receivables are non-interest bearing assets.

Project funds payable to the Responsible Entity are carried at the principal amount and are paid pursuant to the Constitution.

Payables are carried at the principal amount and are paid pursuant to the Constitution.

Credit Risk

The Project does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Market Risk

The Project operates exclusively within Australia and hence there is no exposure to foreign exchange risk.

The Project does not hold any financial assets or financial liabilities at fair value and hence there is no exposure to price risk.

Interest Rate Risk

None of the Project's liabilities are interest bearing and hence there is minimal exposure to interest rate risk.

Liquidity Risk

The Project's financial liabilities include trade and other payables which are typically settled within 30 days.

Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values.

Grower Profits

Grower profits from harvesting are distributed when there is available cashflow. Undistributed profits from land sales are held in the form of the remaining land of the Scheme and are expected to be distributed to Growers when the remaining land is sold on the winding up of the Project.

INDEPENDENT AUDITOR'S REPORT TO THE GROWERS OF WILLMOTT FORESTS 1995-1999 PROJECT

Opinion

We have audited the financial report of Willmott Forests 1995-1999 Project ("the Scheme") which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors.

In our opinion, the accompanying financial report of the Willmott Forests 1995-1999 Project is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We have 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 Scheme 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements 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.

Other Information

The directors of the Responsible Entity, Primary Securities Ltd are responsible for the other information. The other information comprises the information in the Scheme's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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.

Directors' Responsibilities for the Financial Report

The directors of the Responsible Entity, are responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Scheme 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 the financial report.

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

- Identify and assess 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 Scheme'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 Scheme'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 Scheme to cease to continue as a going concern.
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 16 September 2020