

**THE GUARDIAN INVESTMENT FUND
AND ITS CONTROLLED ENTITIES
ARSN 168 048 057**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

This is annexure A of 31 pages referred to in form 388 "Copy of financial statements and reports"

A handwritten signature in black ink, appearing to read 'Guy Hasenkam', written over a horizontal line.

Guy Hasenkam
Director

30 September 2016
Gold Coast

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DIRECTORS' REPORT

The directors of Guardian Securities Limited (the "Responsible Entity"), the Responsible Entity of The Guardian Investment Fund (referred to hereafter as the "Fund"), present their report together with the financial statements of the consolidated entity (referred to hereafter as the "Consolidated Entity"), consisting of the unit trust and the special purpose vehicles it controlled for the year ended 30 June 2016, and the auditor's report thereon.

Directors

The following persons were directors of Guardian Securities Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Guy Hasenkam	
Christopher Wilson	
Gerald Ward	(Resigned 16 June 2016)
Errol Jackson	(Appointed 16 June 2016)

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia and was formed to invest in the commercial, industrial, retail and residential property sectors on behalf of the Fund's investors. The Fund invests through special purpose vehicles established for each investment opportunity, each of which form part of the Consolidated Entity.

The consolidated entity did not have any employees during the period.

No significant change in the nature of these activities occurred during the year.

Scheme information

The Fund is a registered managed investment scheme under the Corporations Act 2001. The Fund was registered on 28 February 2014 and will terminate in accordance with the Constitution.

The registered office and principal place of business of the Responsible Entity and the Fund is Suite 7, 211 Ron Penhaligon Way, Robina, QLD 4226.

Review of operations

The net loss from ordinary activities after income tax for the year ended 30 June 2016 amounted to \$136,046 (2015: \$381,784).

The loss is largely a result of establishment costs for new special purpose vehicles during the financial year.

Scheme assets

At 30 June 2016, the Consolidated Entity had total assets of \$15,712,341 (2015: \$10,893,405), which were primarily invested in various residential and commercial development properties in Australia, bank deposits and other financial assets. The Consolidated Entity had 101 investors at 30 June 2016 (2015: 13) through various classes of units.

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DIRECTORS' REPORT

Review of operations (cont'd)

Responsible entity

The following fees were paid to Guardian Securities Limited out of Consolidated Entity's property during the financial year:

	2016	2015
	\$	\$
Management fees paid directly by the consolidated entity	182,422	107,295

The Responsible Entity and its associates had no funds invested in the Consolidated Entity at balance date.

Distributions

The rate of distribution paid to each investor is initially set at the time of entering into the investment. Distributions paid or payable by the Fund since the end of the previous financial year were \$692,419 (2015: \$42,500).

Investor Funds

The Consolidated Entity received \$4,821,039 (2015: \$11,274,720) of investor funds during the year, while \$Nil was withdrawn (2015: \$nil), resulting in a balance of investors' funds of \$15,577,929 (2015: \$10,892,936) after accumulated losses of \$517,830 (2015: \$381,784).

Significant changes in the state of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the year under review other than as disclosed in the review and results of operations.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments

The Consolidated Entity will continue to pursue its policy of increasing returns through active investment selection.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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DIRECTORS' REPORT

Indemnities and insurance premiums for officers or auditors

The Constitution of the Responsible Entity requires it to indemnify all current and former officers of the Responsible Entity (but not including auditors) out of the property of the Responsible Entity against:

- a. any liability for costs and expenses which may be incurred by that person in defending civil or criminal proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in connection with an application in relation to any such proceedings in which the court grants relief to the person under the Corporations Act 2001; and
- b. a liability incurred by the person, as an officer of the Responsible Entity or of a related body corporate, to another person (other than the Responsible Entity or a related body corporate) unless the liability arises out of conduct involving a lack of good faith.

During the financial year, the Responsible Entity paid an insurance premium in respect of a contract insuring each of the officers of the Responsible Entity. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or related body corporates. This insurance premium does not cover auditors.

The Fund has not indemnified or insured directors or officers.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the board,



Guy Hasenkam
Director

30 September 2016
Gold Coast

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GUARDIAN SECURITIES LIMITED AS RESPONSIBLE ENTITY FOR
THE GUARDIAN INVESTMENT FUND**

I declare to the best of my knowledge and belief, in relation to the audit of the financial report of The Guardian Investment Fund and its controlled entities for the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



William Grant Chatham
Partner

30 September 2016
Gold Coast

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General information

The financial report covers The Guardian Investment Fund as a consolidated entity consisting of 66 Smith Street Pty Ltd, Full Luck Fund Pty Ltd, SJQ Investments Pty Ltd, Investment Samaritan Pty Ltd and the Development Income Fund. The financial report is presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the director's declaration.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2016.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

		Consolidated	
	Note	2016	2015
		\$	\$
Revenue from ordinary operations			
Interest income	4	786,188	13,767
Total revenue from ordinary operations		<u>786,188</u>	<u>13,767</u>
Expenses from ordinary operations			
Management fees	16	(182,422)	(107,295)
Professional fees		(12,361)	(34,739)
Impairment loss	12	-	(201,895)
Other expenses		(24,324)	(9,122)
Total expenses from ordinary operations		<u>(219,107)</u>	<u>(353,051)</u>
Profit / (loss) before finance costs and income tax attributable to unitholders		<u>567,081</u>	<u>(339,284)</u>
Income tax expense	5	(10,708)	-
Profit / (loss) after income tax expense and before finance costs attributable to unitholders		<u>556,373</u>	<u>(339,284)</u>
Finance costs attributable to unitholders			
Distributions paid to investors	14	(692,419)	(42,500)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		<u>-</u>	<u>-</u>
Change in net assets attributable to unitholders		<u>(136,046)</u>	<u>(381,784)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**THE GUARDIAN INVESTMENT FUND
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

		Consolidated	
	Note	2016	2015
		\$	\$
Assets			
Cash and cash equivalents	6	396,179	367,255
Trade and other receivables	7	28,403	-
Assets held for sale	8	733,486	-
Other financial assets	9	2,817,780	-
Loans receivable	10	1,937,843	-
Investment properties	11	9,798,650	9,798,650
Inventories - work in progress	12	-	727,500
Total Assets		<u>15,712,341</u>	<u>10,893,405</u>
Liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables	13	123,704	469
Provision for income tax		10,708	-
Total liabilities (excluding net assets attributable to investors)		<u>134,412</u>	<u>469</u>
Net assets attributable to investors – liability		<u>15,577,929</u>	<u>10,892,936</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

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**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 JUNE 2016**

Consolidated	Units on Issue No.	Net Assets Attributable to Unitholders \$
Balance at 1 July 2015	11,000,000	10,892,936
Issue of units	4,858,535	4,583,815
Application funds received but not yet issued		237,224
Redemption of units	-	-
Increase in net assets attributable to unitholders from transactions in units	4,858,535	4,821,039
Change in net assets attributable to unitholders		(136,046)
Balance at 30 June 2016	15,858,535	15,577,929
Balance at 1 July 2014	-	-
Issue of units	11,000,000	11,000,000
Application funds received but not yet issued		274,720
Redemption of units		-
Increase in net assets attributable to unitholders from transactions in units	11,000,000	11,274,720
Change in net assets attributable to unitholders		(381,784)
Balance at 30 June 2015	11,000,000	10,892,936

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

**THE GUARDIAN INVESTMENT FUND
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

		Consolidated	
	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Interest received – cash and cash equivalents		757,784	13,767
Management fees paid		(160,114)	(107,295)
Distribution expense paid		(619,128)	(42,500)
Other operating costs paid		(9,049)	(43,392)
Net cash flows used in operating activities	23	<u>(30,507)</u>	<u>(179,420)</u>
Cash flows from investing activities			
Payment for shares in unlisted unit trusts		(3,347,780)	-
Proceeds from redemption of shares in unlisted unit trusts		530,000	-
Advances to borrowers		(1,937,843)	-
Payment for inventories		(5,986)	(929,395)
Net cash flows from/(used in) investing activities		<u>(4,761,609)</u>	<u>(10,728,045)</u>
Cash flows from financing activities			
Proceeds from issue of units and application funds		4,821,040	11,274,720
Net cash flows from/(used in) financing activities		<u>4,821,040</u>	<u>11,274,720</u>
Net increase/(decrease) in cash and cash equivalents		28,924	367,255
Cash and cash equivalents at the beginning of the financial year		367,255	-
Cash and cash equivalents at the end of the financial year	6	<u>396,179</u>	<u>367,255</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2015. The nature and the impact of each new standard and/or amendment is described below:

AASB 2015-1 'Amendments to Australian Accounting Standards –Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

This standard amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. Key amendments include:

- AASB 5 – Change in methods of disposal;
- AASB 7 – Servicing contracts and applicability of the amendments to
- AASB 7 – To condensed interim financial statements;
- AASB 119 – Discount rate: regional market issue; and
- AASB 134 – Disclosure of information 'elsewhere in the interim financial report'.

The adoption of these amendments has not had a material impact on the Consolidated Entity.

AASB 2015-2 'Amendments to Australian Accounting Standards –Disclosure Initiative: Amendments to AASB 101 Amends AASB 101'

The standard focuses on the presentation of Financial Statements and provides clarification regarding the disclosure requirements in AASB 101. It includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements. The application of the amendments does not have any material impact on the financial statements.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. The application of the amendments does not have any material impact on the financial statements.

Standards and Interpretations that are not expected to have a material impact on the Consolidated Entity have not been included.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for the Fund, a for-profit oriented entity. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of preparation (cont'd)

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months in relation to these balances cannot be reliably determined.

The financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Guardian Investment Fund ('Fund' or 'unit trust') as at 30 June 2016 and the results of all subsidiaries for the year then ended. The Guardian Investment Fund and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Consolidated Entity's functional currency.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

Classification

Financial assets that are classified as loans and receivables include balances due from accounts receivable. Other financial assets that are measured at amortised cost include cash and cash equivalents.

Financial liabilities that are not at fair value through profit or loss include balances due to the Responsible Entity and other accounts payable.

Recognition

The Consolidated Entity recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Measurement

Financial instruments are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities are amortised over the life of the asset or liability using the effective interest method.

Financial assets classified as loans and receivables are carried at amortised costs using the effective interest rate method, less impairment losses, if any.

Loans and receivables are financial assets with a fixed or determinable payment that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

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

Financial liabilities arising from investor funds are carried at the redemption amount representing the investors' right to a residual interest in the consolidated entity's assets at reporting date.

Specific instruments - cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each balance date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

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

Derecognition

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Disposal groups classified as held for sale

Assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For assets and assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

These assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position.

Investment properties

Investment properties, comprising strata title residential property, are held to generate long-term rental yields. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income tax (cont'd)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Interest income

Interest income and expense is recognised in the statement of comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income is recognised on a gross basis, including withholding tax, if any.

Expenses

All expenses, including management fees, are recognised in the statement of comprehensive income on an accrual basis.

Finance costs

Distributions paid and payable on investor funds are recognised in the statement of comprehensive income as finance costs and as a liability where not paid. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Unit prices

The unit price is based on unit price accounting outlined in the Fund's Constitution and Product Disclosure Statement.

Distribution and taxation

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the consolidated entity is not subject to capital gains tax.

Redeemable units and investor liabilities

All redeemable units issued by the Fund provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statement the Fund is contractually obliged to redeem units at the redemption price.

Goods and services tax

Management fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2016. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New accounting standards and interpretations not yet mandatory or early adopted (cont'd)

All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

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2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for impairment of investment properties

The Consolidated Entity carries its investment property at cost less any accumulated depreciation and any accumulated impairment losses. At the end of each reporting period, the directors update their assessment of the value of each property, taking into account the most recent independent valuations.

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3 NET ASSETS ATTRIBUTABLE TO INVESTORS – LIABILITY

Quantitative information about the Consolidated Entity's net assets attributable to unitholders is provided in the Statement of Changes in Net Assets Attributable to Unitholders.

The Consolidated Entity manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

Investors within the Consolidated Entity are issued classes of units which correspond with the particular investment the investors are investing in. Classes of units are issued with a fixed term and no withdrawal rights. Investors in a class of units will have a proportional beneficial interest in the property corresponding to that class of units. Investors will not have a beneficial interest in a property corresponding to another class of units.

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4 INTEREST INCOME	Consolidated 2016			Consolidated 2015		
	Balance	Interest income	Average rate	Balance	Interest income	Average rate
	\$	\$	%	\$	\$	%
Cash and cash equivalents	396,179	2,614	0.66%	367,255	13,767	3.75%
Investments	14,554,273	783,574	5.38%	9,798,650	-	-

5 INCOME TAX

Income tax expense

Current tax	10,708	-
Deferred tax	-	-
Aggregate income tax expense	<u>10,708</u>	<u>-</u>

Numerical reconciliation of income tax expenses and tax at the statutory rate

Loss before income tax expense	<u>(136,046)</u>	<u>(381,784)</u>
Tax at the statutory tax rate of 30%	(40,814)	(114,535)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Losses for which no deferred tax asset was recognised	51,522	114,535
Aggregate income tax expense	<u>10,708</u>	<u>-</u>

Deferred tax asset of in respect of tax losses and other temporary differences have not been brought to account. These will be brought to account only if the Fund derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, the Fund continues to comply with deductibility conditions imposed by tax legislation and no changes in tax legislation adversely affects the Fund in realising the benefit.

6 CASH AND CASH EQUIVALENTS

Cash held with banks	<u>396,179</u>	<u>367,255</u>
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Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	396,179	367,255
Balance as per statement of cash flows	<u>396,179</u>	<u>367,255</u>

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7 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	\$	\$
Trade receivables	26,444	-
Other receivables	1,959	-
	28,403	-

8 ASSETS HELD FOR SALE

Opening balance	-	-
Transfer from inventories (Note 12)	733,486	-
	733,486	-

The asset held for sale relates to development approved land which was originally intended for development under the Product Disclosure Statement and as such was classified as inventory in the prior year. As at 30 June 2016, the Fund's intention was to sell the land and a contract for sale was executed on 26 April 2016. Subsequent to the year end, the sales contract fell over and as at the date of this report the land remains unsold.

Refer to note 25 for further information on fair value measurement.

9 OTHER FINANCIAL ASSETS

Preference shares	2,817,780	-
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Preference shares are held in private companies which are associated to a related managed investment scheme. Refer to note 20 for further information.

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	3,347,780	-
Disposals	(530,000)	-
Revaluation increments	-	-
Closing fair value	2,817,780	-

10 LOANS RECEIVABLE

Loan receivable	1,937,843	-
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The loan receivable is secured with collateralised credit card debt. The Consolidated Entity has not recognised any loss in the profit or loss in respect of impairment of loans receivable for the year end 30 June 2016 as the loans are not due for repayment until July 2018 and management believe there is no impairment.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11 INVESTMENT PROPERTIES

	Consolidated	
	2016	2015
	\$	\$
Investment properties	<u>9,798,650</u>	<u>9,798,650</u>

Investment properties relates to 22 units purchased in one development in Queensland. As at 30 June 2016, the units are still under construction and the Fund earns interest income from the developer.

12 INVENTORIES

Work in progress

Opening balance	727,500	-
Acquisitions	5,986	929,395
Provision for impairment	-	(201,895)
Transfer to assets held for sale (Note 8)	(733,486)	-
Closing balance	<u>-</u>	<u>727,500</u>

Work in progress relates to land that was intended for development in Queensland. During the financial year, the Consolidated Entity's intentions were to sell the land as opposed to develop it, and as such the asset has been reclassified to held for sale.

13 TRADE AND OTHER PAYABLES

Trade creditors and accruals	36,319	-
Other payables	87,385	469
	<u>123,704</u>	<u>469</u>

14 DISTRIBUTIONS PAID AND PAYABLE

Distributions paid to investors	619,128	42,500
Distributions payable to investors	73,291	-
Total distributions to investors	<u>692,419</u>	<u>42,500</u>

15 FINANCIAL INSTRUMENTS

The Consolidated Entity's assets principally consist of work in progress and investment properties. It holds these investment assets at the discretion of the Responsible Entity and Investment Committee in accordance with the Fund's constitution and Product Disclosure Statements.

The allocation of assets between the various types of assets described above is determined by the Fund's Manager and Investment Committee who manage the Consolidated Entity's portfolio of assets to achieve the Consolidated Entity's investment objectives.

The Consolidated Entity's investing activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 FINANCIAL INSTRUMENTS (CONT'D)

The nature and extent of the financial instruments employed by the Consolidated Entity are discussed below. This note presents information about the Consolidated Entity's exposure to each of the above risks, the Consolidated Entity's objectives, policies and processes for measuring and managing risks.

The Board of Directors of the Responsible Entity and Investment Committee has overall responsibility for the establishment and oversight of the Consolidated Entity's risk management framework.

The Board and Investment Committee is responsible for developing and monitoring the Consolidated Entity's risk management policies, including those related to its investment activities. The Consolidated Entity's risk management policies are established to identify and analyse the risks faced by the Consolidated Entity, including those risks managed by the Responsible Entity and Investment Committee, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities.

The Board and Investment Committee monitors compliance with the Consolidated Entity's risk management strategies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and property values will affect the Consolidated Entity's income. Market risk embodies the potential for both loss and gains. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk is managed by the Board of Directors and Investment Committee.

Property value risk

The majority of the Consolidated Entity's assets are inventories which represent residential development properties or investment properties. As a result, the Consolidated Entity is subject to property value risk from fluctuations in the prevailing levels of market property values. Changes in property values could have an effect on the net realisable value of the developments which would in turn impact the underlying value of the unitholders funds. The property market has shown signs of stability in recent times.

Interest rate risk

A significant portion of the Consolidated Entity's financial assets and financial liabilities are interest-bearing. Interest-bearing financial assets and financial liabilities have variable interest rates and/or mature in the short-term. As a result, the Consolidated Entity is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash is invested in an interest-bearing deposit account with an Australian regulated banking institution.

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15 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

The Consolidated Entity's interest rate risk is monitored on a monthly basis by the Board of Directors and Investment Committee.

Interest rate profile

At reporting date the interest rate profile of the Consolidated Entity's interest-bearing financial instruments was:

	Consolidated	
	2016	2015
	\$	\$
Fixed and variable rate instruments		
Financial assets:		
Cash and cash equivalents	396,179	367,255
Other financial assets	2,817,780	-
Loans receivable	1,937,843	-
Investment properties	9,798,650	9,798,650
	<u>14,950,452</u>	<u>10,165,905</u>
Financial liabilities:		
Unitholders' funds	<u>15,577,929</u>	<u>10,892,936</u>

Interest rate sensitivity

An increase or decrease of 100 basis points in interest rates as at the reporting date would have an insignificant effect on the net assets attributable to unitholders and operating results.

The Consolidated Entity holds fixed rate instruments amounting to \$14,554,273 as the rates of return are specified under the various Product Disclosure Statements and agreements.

Credit risk

Credit risk is the risk that a counterparty to a financial instruments will fail to discharge an obligation or commitment that it has entered into with the Consolidated Entity. The Responsible Entity and Investment Committee manage the exposure to credit risk on an ongoing basis.

The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

Cash and cash equivalents	396,179	367,255
Trade and other receivables	28,403	-
Other financial assets	2,817,780	-
Loans receivable	1,937,843	-
Investment properties	9,798,650	9,798,650
	<u>14,978,855</u>	<u>10,165,905</u>

All of the cash held by the Consolidated Entity is held by Australian regulated banks.

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15 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The Consolidated Entity's liquidity risk is managed on a monthly basis by the Board of Directors and Investment Committee in accordance with the policies and procedures in place.

The Responsible Entity manages liquidity by ensuring that the Consolidated Entity at all times meets its requirement to maintain 10% of assets in cash to meet liquidity and early redemption requests. In addition, investors may only redeem units within three years of the date of their investment subject to an early withdrawal fee and only with the approval of the Responsible Entity.

The following are the contractual maturities of financial liabilities, excluding interest payments and excluding the impact of netting agreements:

Consolidated 2016	Carrying value \$	Contractual cash flows \$	0-6 Months \$	6- 12 Months \$	1-2 years \$	More than 2 years \$
Accounts payable	123,704	123,704	123,704	-	-	-
Investors funds	15,577,929	15,577,929	1,000,754	2,822,400	-	11,754,774
	<u>15,701,633</u>	<u>15,701,633</u>	<u>1,124,458</u>	<u>2,822,400</u>	<u>-</u>	<u>11,754,774</u>

Consolidated 2015	Carrying value \$	Contractual cash flows \$	0-6 Months \$	6- 12 Months \$	1-2 years \$	More than 2 years \$
Accounts payable	469	469	469	-	-	-
Investors funds	10,892,936	10,892,936	-	-	-	10,892,936
	<u>10,893,405</u>	<u>10,893,405</u>	<u>469</u>	<u>-</u>	<u>-</u>	<u>10,892,936</u>

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Consolidated Entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Consolidated Entity's operations.

The objective of the Responsible Entity and Investment Committee is to manage operational risk so as to balance the avoidance of financial losses and damage to the Consolidated Entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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15 FINANCIAL INSTRUMENTS (CONT'D)

Operational risk (Cont'd)

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Responsible Entity and Investment Committee. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

16 KEY MANAGEMENT PERSONNEL DISCLOSURES

The directors of Guardian Securities Limited are considered to be Key Management Personnel of the Consolidated Entity. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Guy Hasenkam	
Christopher Wilson	
Gerald Ward	(Resigned 16 June 2016)
Errol Jackson	(Appointed 16 June 2016)

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

Compensation

No amount is paid by the Consolidated Entity directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Consolidated to the Directors as Key Management Personnel.

Guardian Securities Limited provides management services to the Fund. Transactions between the Fund and the Responsible Entity Limited result from normal dealings with that company as the Fund's Responsible Entity. Guardian Securities Limited is an Australian Financial Services License holder.

Guardian Securities Limited receives all management fees that have been paid by the Consolidated Entity during the year. The Consolidated Entity paid the following fees to the Responsible Entity during the financial year:

	Consolidated	
	2016	2015
	\$	\$
Management fees paid to Guardian Securities Limited	160,114	107,295
Management fees payable to Guardian Securities Limited	22,308	-
	<u>182,422</u>	<u>107,295</u>

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16 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

Other

The Consolidated Entity has not made, guaranteed or secured, either directly or indirectly, any loans to the directors and key management personnel of the Responsible Entity, or their personally related entities, at any time during the financial year.

No directors and key management personnel of the Responsible Entity, or their personally related entities, have entered into a material contract with the Consolidated Entity.

17 AUDITORS REMUNERATION

During the financial year, the following fees were payable for services provided by Auditors. A related party, GSL Services Pty Ltd has agreed to pay the following fees, for services provided by PKF (Gold Coast), the auditor of the Fund:

	Consolidated	
	2016	2015
<i>Audit services – PKF (Gold Coast)</i>	\$	\$
Audit or review of the financial statements	10,500	9,500
Audit of the compliance plan	4,500	4,000
	15,000	13,500
<i>Other services – PKF (Gold Coast)</i>		
Preparation of the tax return	1,500	1,500
	16,500	15,000

18 CONTINGENT LIABILITIES

The Consolidated Entity did not have any contingent liabilities as at 30 June 2016 (2015:\$nil).

19 COMMITMENTS

There are no commitments, either capital, operating or finance, as at 30 June 2016 (2015:\$nil).

20 RELATED PARTIES

Parent entity

The Guardian Investment Fund is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

The following transactions occurred with related parties:

Interest income	129,837	-
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20 RELATED PARTIES (CONT'D)

Interest income has been received from SMSF Property Fund which is a registered scheme of which Guardian Securities Limited also acts as Responsible Entity for. The interest income is in relation to the preference shares held as detailed below.

	Consolidated	
	2016	2015
	\$	\$
<i>Transactions with related parties (cont'd)</i>		

There are no other transactions with related parties during the financial year ended 30 June 2016 (2015: \$nil).

Investments, receivables from and payables to related parties

Preference shares	2,817,780	-
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These investments are within SMSF Property Fund, a registered scheme of which Guardian Securities Limited also acts as Responsible Entity. The preference shares relate to shares held in the various special purpose property development companies established as part of the SMSF Property Fund group.

There are no other receivables from or payables to related parties as at 30 June 2016 (2015: \$nil).

Related party investments held by the Consolidated Entity

Apart from those noted above, the Consolidated Entity has no investment in related parties as at 30 June 2016 (2015: \$nil).

Related party investing activities

There are no related parties have investments in the Consolidated Entity as at 30 June 2016 (2015: \$nil).

21 PARENT ENTITY INFORMATION

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity, The Guardian Investment Fund. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1.

Total assets	13,309,664	11,276,974
Total liabilities	28,916	2,254
Net assets attributable to investors – liability	<u>13,280,748</u>	<u>11,274,720</u>
Profit/(loss) from operating activities	-	-
Total comprehensive income	-	-
Change in net assets attributable to investors	-	-

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21 PARENT ENTITY INFORMATION (CONT'D)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Contractual commitments

The parent entity has no commitments of as at 30 June 2016 and 30 June 2015.

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2016 and 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

22 SUBSIDIARIES

The consolidated financial statements incorporates the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of entity	Country of Incorporation	Equity holding	
		2016	2015
		%	%
66 Smith Street Pty Ltd	Australia	100	100
Full Luck Fund Pty Ltd	Australia	100	100
SJQ Investments Pty Ltd	Australia	100	100
Investment Samaritan Lending Pty Ltd	Australia	100	-

The consolidated financial statements include the Development Income Fund which is a separate class of units within the master fund and is not a separate legal incorporated company.

23 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(loss) from operating activities after distributions	(136,046)	(381,784)
<i>Non-cash items</i>		
Provision for impairment	-	201,895
<i>Movements in working capital:</i>		
Decrease/(increase) in accounts receivables	(28,404)	-
Increase/(decrease) in accounts payables	123,235	469
Increase/(decrease) in provision for income tax	10,708	-
Cash flows from operating activities	<u>(30,507)</u>	<u>(179,420)</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24 EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

25 FAIR VALUE

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets held for sale	-	733,486	-	733,486
	-	733,486	-	733,486
Consolidated 2015				
	-	-	-	-

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Assets held for sale are based on director valuations as at 30 June 2016.

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DIRECTORS' DECLARATION

In the opinion of the directors of Guardian Securities Limited, Responsible Entity of The Guardian Investment Fund:

- a. the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- b. the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- c. the attached financial statements and notes thereto give a true and fair view of the Fund's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- d. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors,



Guy Hasenkam
Director

30 September 2016
Gold Coast

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE GUARDIAN INVESTMENT FUND

Report on the financial statements

We have audited the accompanying financial statements of The Guardian Investment Fund ("the Fund"), which comprises the Consolidated Statement of Financial Position as at 30 June 2016, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Net Assets Attributable to Unitholders and Consolidated Statement of Cash Flows for the financial year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial statements

The directors of the Guardian Securities Limited ("the Responsible Entity") 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 is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity would be in the same terms if given to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) The financial statements of The Guardian Investment Fund is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Fund's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.


PKF
William Grant Chatham
Partner

30 September 2016
Gold Coast