ANGLESEY SECURED INVESTMENTS LIMITED
ACN 111 067 606

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

DIRECTORS' REPORT

The directors present their report together with the financial statements of the Company, being Anglesey Secured Investments Limited ("the Company") for the year ended 30 June 2017 and the auditor's report thereon.

Directors
The names of the directors in office at any time during or since the end of the year are;

Mr Jeffory Herdegen	
Ms Vanessa Crompton	
Ms Brooke Johnson	(Resigned 10 Febuary 2017)
Mr Robin Chamberlain	(Appointed 10 February 2017)
Mr Oliver Cain	(Appointed 31 March 2017)

Secretary
Vanessa Crompton also acted as company secretary during the year and maintains this position as at the date of this report.

Operating results
The loss of the company for the year after providing for income tax amounted to $170,310 (2016 profit $6,518).

Significant changes in state of affairs
No significant changes in the company’s state of affairs occurred during the year.

Principal activities

The principal activities of the company during the year were mortgage lending, property and general investment.

No significant change in the nature of this activity occurred during the year.

Matters or circumstances arising after the end of the year
No matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future years.

Future developments and results
Likely developments in the operations of the company and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Dividends paid or declared
Dividends paid or declared since the start of the year are as follows;
(a) There were no dividends paid during the year.
(b) There were no dividends declared on 30 June 2017 for payment for the year then ended.

Share options
No options over issued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the date of this report.

Directors and officers insurance
During the year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary, and all executive officers of the company against a liability incurred as a director, secretary or executive officer to the extent deemed appropriate by the directors.

The company has not otherwise, during or since the end of the year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such as officer or auditor.

PROCEEDING ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITOR’S INDEPENDENCE DECLARATION

The lead auditor’s independence declaration for the year ended 30 June 2017 has been received and can be found on following page of the directors’ report.

Signed in accordance with a resolution of the Board of Directors:

Director
Jeffory Herdegen

Dated 26th September 2017

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ANGLESEY SECURED INVESTMENTS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

(a) no contraventions of the auditor independence requirements as set out in 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.

JOHN L BUSH & CAMPBELL
Chartered Accountants

P J King
Partner

Wagga Wagga
26th September 2017

ANGLESEY SECURED INVESTMENTS LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
Interest revenue	**2**	343,112	262,751
Interest expense	**3**	(273,837)	(249,715)
Net interest revenue		69,275	13,036
Non interest revenues	**2**	115,668	177,408
Impairment expense/(reversal)		-	40,000
Depreciation expense		(1,290)	(1,290)
Administration costs		(20,090)	(10,326)
Other expenses		(333,873)	(212,310)
Profit/ (loss) before income tax		(170,310)	6,518
Income tax expense	**4**	-	-
Profit/ (loss) for the year		(170,310)	6,518
Other Comprehensive Income		-	-
Total Comprehensive Income/ (loss)		(170,310)	6,518
Earnings Per Share (cents)	**5**	(20.93)	0.94

ANGLESEY SECURED INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017 $	2016 $
ASSETS			
Cash and cash equivalents	**6**	1,088,017	1,197,672
Trade and other receivables	**7**	9,426	4,032
Loans and Advances	**8**	3,992,435	3,099,207
Property, plant & equipment	**9**	3,870	5,160
Investment property	**10**	975,000	950,000
TOTAL ASSETS		6,068,748	5,256,071
LIABILITIES			
Trade and other payables	**11**	9,514	22,460
Borrowings	**12**	5,507,917	4,841,984
TOTAL LIABILITIES		5,517,431	4,864,444
NET ASSETS		551,317	391,627
EQUITY			
Issued capital	**13**	1,021,000	691,000
Retained earnings	**14**	(469,683)	(299,373)
TOTAL EQUITY		551,317	391,627

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Issued Preference Shares	Retained Earnings	Total
	$	$	$	$
Balance as at 30 June 2015	**456,000**	235,000	**(305,891)**	**385,109**
Profit	0	0	6,518	6,518
Balance as at 30 June 2016	**456,000**	**235,000**	**(299,373)**	**391,627**
Profit/ (loss)	0	0	(170,310)	(170,310)
Shares issued	0	330,000	0	330,000
Balance as at 30 June 2017	**456,000**	**565,000**	**(469,683)**	**551,317**

ANGLESEY SECURED INVESTMENTS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		337,718	292,659
Interest paid		(286,782)	(248,296)
Receipts from customers		90,668	25,626
Payments to suppliers		(353,963)	(216,809)
Net cash provided/(used) by operating activities	15(b)	(212,359)	(146,820)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		-	(400)
Payment for investment property		-	(198,218)
Net (increase) / decrease in loans and advances		(893,228)	(1,012,856)
Net cash used in investing activities		(893,228)	(1,211,474)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from shares issued		330,000	-
Proceeds from loans		230,000	-
Proceeds from debenture Issued/(repaid)		435,933	944,902
Net cash provided by financing activities		995,933	944,902
Net increase / (decrease) in cash held		(109,655)	(413,392)
Cash at beginning of the year		1,197,672	1,611,064
Cash at end of the year	15(a)	1,088,017	1,197,672

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report covers the economic entity of Anglesey Secured Investments Limited. Anglesey Secured Investments Limited is an unlisted Public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes comply with International Financial Reporting Standards. Material accounting policies adopted in the presentation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

The accounting policies have been applied consistently by the company unless otherwise stated. The financial statements contain comparative amounts which have been reclassified to conform with the current year presentation except where otherwise stated.

(a) Going Concern

The financial report has been prepared on a going concern basis that considers the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

The company's main activities are to accept deposits of monies via debentures from investors and then on lend the funds invested on the security of registered mortgages over real property in Australia.

At 30 June 2017 the net assets of the company were $551,317. Included in the net assets are liabilities with respect to debentures of $5,277,917. At balance date the companies total assets were $6,068,748. Included in assets are cash and cash equivalents of $1,088,017.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for the year for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. At 30 June 2017 the carry forward tax losses of Anglesey Secured Investments Limited were $891,518 therefore it is not probable that future benefits will be obtained. Accordingly no tax entries have been recognised in this report.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired financial period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation Rate
Plant and equipment	20%

(d) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(e) Trade and Other Payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled in accordance with supplier terms.

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

As a financial institution Anglesey Secured Investments Ltd is input taxed on all revenue except for revenue from commissions, rents and some fees. An input taxed supply is not subject to GST collection and similarly the GST paid on related or apportioned purchases cannot be recovered.

(h) Loans and Advances
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an effective market and are subsequently measured at amortised cost using the effective interest method.

Loans and advances represent loans to customers. They are carried at recoverable amount represented by the gross value of the outstanding balance less the provision for loan impairment.

Provision for impairment
Impairment of a loan is recognised when there is reasonable doubt that not all of the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the value of expected future cash flows.

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a specific loan, write-offs for bad debts are made against the provision. If no provision for impairment has been recognised, write-offs for bad debts are recognised as expenses in the profit and loss account.

Credit risk exposures
The credit risk on financial assets of the entity that have been recognised in the financial statements is generally the carrying amount less any provisions for impairment.

Interest rate risk exposures
Exposures predominantly arise from assets and liabilities bearing variable interest rates as the entity intends to hold all fixed rate assets and liabilities to maturity.

(i) Investment Properties
Investment properties represent properties held to earn rentals or for capital appreciation or both.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as revenue or expenses in the period that they arise. The properties are not depreciated. The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value on an investment property is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

(j) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as;
a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction in impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment to receipts (including fees, transactions costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability, Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Loans and advances (finance receivables)
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(k) Impairment

The carrying amounts of the entity's assets and deferred tax assets (see accounting policy (b)), are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(l) Reversals of Impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Calculation of Recoverable Amount

The recoverable amount of the entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(n) Share Capital

(i) Dividends
Dividends are recognised as a liability in the period in which they are declared.

(ii) Transaction costs
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(o) Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. The following are the critical judgements management has made:-

<u>Key estimate – loans</u>
Management uses Independent Valuations in conjunction with other credit assessment material in determining whether a potential borrower has adequate security and in turn determining the likelihood of recovering the loan advance that is to be made. All real property must be valued by an independent licensed valuer appointed by the company before a loan is made. The valuation is used to determine the maximum loan amount to be advanced taking into account the following Loan to Valuation Ratios ("LVR"):

- Residential Land 70%
- Industrial Land 70%
- Commercial Land 70%
- Rural Land 70%

The outcome of the analysis may determine whether or not the company will make a loan, the amount of any such loan in terms of the maximum LVR and the length of the loan term. In terms of provisioning against loans, the Board meets on a monthly basis and reviews all loans which have indicators of impairment. Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cash flow. The cash flow requires critical judgements to be made on the timing of the cash inflows and outflows in addition to the actual amounts recovered. The Board uses previous sales evidence obtained from market data to assess the value of the inflows and the outflows and critical judgement on the timing of such inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cash flow total, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board a provision is made against the loan.
The Board believe that the chosen valuation techniques and assumptions used are appropriate in determining the recoverability of impaired loans.

(o) Critical accounting judgements and key sources of estimation uncertainty (Continued)

Recoverable amount of financial and non-financial assets

In terms of provisioning against loans, the Board meets on a monthly basis and reviews all loans which have indicators of impairment. For all mortgage loans, independent valuations are commissioned to assess the value of the underlying real property associated with the registered first mortgage security on an ongoing basis.

Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cash flow. The cash flow requires critical judgements to be made on the timing of the cash inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cash flow total, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board a provision is made against the loan.

Similarly, for non-current assets held for sale, investment and inventory properties, periodic independent valuations from licensed valuers are commissioned in assessing recoverable amount and net realizable values.

The recoverable amount for loans and investment property are estimates sensitive to several key assumptions in any independent valuation including estimated future sales rates made based on current and future sales in relevant markets and estimated project development potential. Changes in these assumptions could cause the carrying amounts to exceed the recoverable amounts from time to time.

The Board believe that the chosen valuation techniques and assumptions used are appropriate in determining the recoverability of impaired assets.

"Similarly for non-current assets, land and buildings not held for resale, periodic and independent valuations from licenced valuers are commissioned in assessing recoverable amount and net realisable values"

Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in use calculations which incorporate key estimates, are performed in assessing recoverable amounts.

(p) Comparatives

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

(q) Amendments to Australian Accounting Standards

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1-Jan-18	30-Jun-18
AASB 15: Revenue from Contracts with Customers	1-Jan-18	30-Jun-18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017

	2017 $	2016 $
NOTE 2: REVENUE		
Interest Revenue		
Investment securities, cash and liquid assets	17,970	19,801
Loans and advances	325,142	242,950
Total Interest Revenue	343,112	262,751
Other Income		
Increase in market value of investment property	25,000	151,782
Other operating revenue	20,129	23,502
Sundry Income	70,539	2,124
Total other revenue	115,668	177,408
Total Revenue	458,780	440,159
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after:		
Increase in market value of investment property	25,000	151,782
Depreciation of non-current assets		
- Plant and equipment	1,290	1,290
Total depreciation	1,290	1,290
Remuneration of accountants and auditors	22,776	18,975
Interest expense	273,837	249,715
NOTE 4: INCOME TAX EXPENSE		
(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	(51,093)	1,955
Income tax expense attributable to profit from ordinary activities	(51,093)	1,955

As detailed in Note 1 (b) the company has substantial carry forward losses. These losses make the payment of income tax by the company highly improbable and as such a tax expense/liability has not been recognised in this financial report.

	2017 $	2016 $
NOTE 5: EARNINGS PER SHARE		
Net Profit used in calculation of EPS	(170,310)	6,518
Number of ordinary shares used in calculation of EPS	1,021,000	691,000
NOTE 6: CASH AND CASH EQUIVALENTS		
Bank Account ANZ	19,050	399,735
Investments	504,491	797,877
Debenture Bank Account	564,316	-
Petty Cash	160	60
	1,088,017	1,197,672
NOTE 7: TRADE AND OTHER RECEIVABLES		
Accrued income	9,426	4,032
	9,426	4,032
NOTE 8: LOANS AND ADVANCES		
Loans (secured by mortgage)	3,992,435	3,099,207
Less: provision for loan impairment	-	-
Net loans and advances	3,992,435	3,099,207

a) Loan Analysis and Impairment

The following table details the companies trade and other receivables with ageing analysis and impairment provided thereon. Amounts are considered past due when the debt has not been settled within the terms and conditions agreed between the company and the counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining the solvency of the counterparty to the transaction and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Terms
			< 30	30 - 60	61 - 90	> 90	
2017							
Loans Secured by mortgage	3,992,435	-	430,823	828,761	489,000		2,243,851
Provision for Impairment	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total	3,992,435	-	430,823	828,761	489,000	-	2,243,851

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Terms
			< 30	30 - 60	61 - 90	> 90	
2016							
Loans Secured by Mortgage	3,099,207	-	1,566,139	-	-	-	1,533,068
Provision for Impairment	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total	3,099,207	-	1,566,139	-	-	-	1,533,068

Impairment losses

A provision for impairment is recognised when there is objective evidence that an individual loan is impaired. Loans previously assessed as impaired have now been realised.

The company holds first or second mortgage collateral security over all mortgages and periodically reviews all loans for evidence of impairment.

	2017 $	2016 $

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	2017	2016
Plant & Equipment - at cost	6,450	6,450
Less: Accumulated Depreciation	(2,580)	(1,290)
	3,870	5,160

a) Movements in Carrying Amounts

	Plant & Equipment	Total
Balance at 1 July	5,160	6,050
Additions	-	400
Depreciation	(1,290)	(1,290)
Balance at 30 June	3,870	5,160

NOTE 10: INVESTMENT PROPERTIES

	2017	2016
Investment Properties - fair value	975,000	950,000
	975,000	950,000
a) Movements in Carrying Amounts		
Balance at 1 July	950,000	600,000
Additions	-	198,218
Sales	-	-
Revaluation	25,000	151,782
Balance at 30 June	975,000	950,000

The valuation of investment properties is based upon independent valuations conducted by Saunders and Staniforth Valuers, 210 Lords Place Orange NSW 2800.
The Directors consider the valuations to be reflective of current market valuations.
Investment Properties comprise:
52 - 70 Church Street Forbes
54 McDonnell Street Forbes

NOTE 11: TRADE AND OTHER PAYABLES

	2017	2016
Trade creditors	255	13,750
Accrued interest	9,259	8,710
	9,514	22,460

NOTE 12: BORROWINGS

	2017	2016
Loan - Related Party (interest free)	230,000	-
Debenture Clearing Account	564,213	-
Debentures	4,713,704	4,841,984
	5,507,917	4,841,984

The liquidity of the company is reviewed on a monthly basis via management reporting.
The company does not believe there is any material exposure in respect of the concentration of its deposits and borrowings. All of its deposits and borrowings constitute secured debentures which are lodged for fixed terms.
The debenture stock is secured by first ranking floating charge in favour of Melbourne Securities Corporation Limited over the whole of the assets and undertakings of the Company.

Maturity Analysis

	2017	2016
0-3 months	116,489	651,078
3 months - 12 months	2,292,330	2,445,874
Later than 1 year but not later than 5 years	2,304,885	1,745,032

	2017 $	2016 $
NOTE 13: ISSUED CAPITAL		
456,000 fully paid ordinary shares	456,000	456,000
565,000 fully paid preference shares	565,000	235,000
	1,021,000	691,000

The companies key objectives in terms of its capital management are as follows;
- to maintain a sufficient level of capital to provide a buffer against losses arising from unanticipated events and to safeguard its ability to continue as a going concern; and
- to optimise the level and use of its capital resources so that it can provide returns to the company shareholders and benefits for other stakeholders.

In order to maintain or adjust its capital structure the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Under ASIC's Regulatory Guide 69 issuers of unsecured notes should maintain a minimum equity ratio , calculated as equity/(total liabilities + equity) of 8% where only a minor part of the companies activity is property development or lending for property development.

As at 30 June 2017 the companies capital ratio was 9.08% (2016 7.45%)

	2017 $	2016 $
NOTE 14: RETAINED EARNINGS		
Retained earnings at the beginning of the year	(299,373)	(305,891)
Net profit attributable to members of the company	(170,310)	6,518
Retained earnings at the end of the year	(469,683)	(299,373)

NOTE 15: NOTES TO THE STATEMENT OF CASHFLOW

(a) **Reconciliation of Cash**

Cash at the end of the year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows;

	2017 $	2016 $
Cash on hand	1,088,017	1,197,672
	1,088,017	1,197,672

(b) **Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax**

	2017 $	2016 $
Profit from ordinary activities after income tax	(170,310)	6,518
Non-cash flows in profit from ordinary activities:		
Depreciation	1,290	1,290
Impairment expense	-	(40,000)
Increase in Market Value of Investment property	(25,000)	(151,782)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(5,394)	29,908
(Increase)/decrease in other assets	-	5,827
Increase/(decrease) in payables and accruals	(12,945)	1,419
Cash flows from operations	(212,359)	(146,820)

Cash inflows and outflows for loans receivable and payable are disclosed on a net basis as per AASB 107.
The principal business activity of the entity is a finance company and the volume of transactions would make it impracticable to report on a gross basis.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION
The Key Management Personal of the company during the year are:-

Jeffory Herdegen	Executive Director	
Vanessa Crompton	Executive Director	
Brooke Johnson	Executive Director	(Resigned 10 Febuary 2017)
Robin Chamberlain	Executive Director	(Appointed 10 February 2017)
Oliver Cain	Executive Director	(Appointed 31 March 2017)

NOTE 17: RELATED PARTY TRANSACTIONS
Transactions with related parties are on normal commercial terms and are no more favourable than those available to any other party.

Related parties include Directors and their related entities.

The following related party transactions occured during the year:

	2017 $	2016 $
a) Debentures		
Debentures held by related parties at 30 June	-	-
		-
Interest revenue paid to related parties	-	-
b) Loans (assets)		
The Company does not permit loans to related parties of the company.		
c) Loans (liabilities)		
Loans from related parties	230,000	-
d) Expenses		
Rent paid to related parties	12,125	17,160
Commissions paid to related parties	3,025	-
Directors fees	18,109	-
	33,259	17,160

NOTE 18: FINANCIAL RISK MANAGEMENT

The companies financial instruments consist mainly of cash and deposits with banks, accounts receivable and payable, loans and advances, unsecured notes and unlisted shares.

Specific financial risk exposures

The company has exposure to the following risks from its use of financial instruments;
(i) Credit Risk
(ii) Liquidity Risk
(iii) Interest rate risk

Financial risk management strategy

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are reviewed by the directors on a regular basis. These include credit risk policies and cash flow requirements.

(i) Credit risk

Credit risk arises from lending and associated activities. Credit risk is the potential loss that may arise when the counterparty to a financial instrument fails to meet its contractual obligations to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The maximum exposure at balance date to the Company of credit risk is recognised in the carrying amount of financial assets net of any provisions for impairment of those assets as disclosed in the balance sheet and notes to the financial statements .

An analysis of the companies loan portfolio by security type and geographic location of the borrower is set out below;

	2017	2016
Loan portfolio by security type		
Registered mortgages - non development loans	3,992,435	3,099,207
Registered mortgages - development loans	-	-
	3,992,435	3,099,207

The Directors of the company have implemented a structured framework of systems and controls to monitor and manage the credit risk of the company. These systems and controls include the following;

(i) Documented credit risk management policies that are adhered to by all staff involved in the lending process.

(ii) A systematic process for loan approvals including approval of loans by the board of the company.
(iii) An assessment of the financial capacity of the borrower for all loan applications.

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as the result of a maturity mismatch in its cash flows. Principally this reflects the need for the company to meet the rights of note holders to be able to redeem their funds as required.

The company maintains a liquidity risk management policy that establishes practices in order to meet this mismatch under a range of market conditions. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid investments are held at all times. Liquidity management is ultimately the responsibility of the board of directors of the company.

The Company prepares quarterly and annual cash flow budgets as part of its over liquidity management strategy. The Company at all times maintains cash or cash equivalents on hand sufficient to meet its projected needs for the next quarter.

The Company estimates incoming cash flows from the maturity profile of its loan portfolio. Outgoing cash flows with respect to maturing Notes are determined by the terms of the Notes and take into account available historical experience of the redemption of Notes.

Liquidity scenarios are modelled by the company over a 12 month rolling time frame and take into account the expected rollover rates of Note holders. The objective of the modelling is to ensure that the Company will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions and without incurring unacceptable losses or risking damage to the companies reputation.

The Company is exposed to the liquidity risk of meeting at call note holder withdrawals at any time.

(iii) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities due to the risk of any mismatch between the interest rate on borrowings and to that of lending.

Interest rate risk is managed using a mix of fixed rate and floating rate lending together with unsecured notes issued at call and on a fixed term basis.

The companies exposure to interest rate risk showing the contractual dates for classes of assets and liabilities are disclosed on the following page.

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

The companies exposure to interest rate risk showing the contractual dates for classes of assets and liabilities for 2017 is shown below;

2017			**Fixed Interest Rate**					
	Weighted average rate %	**Floating interest rate $**	**0 - 12 months $**	**1 - 5 years $**	**Over 5 years $**	**No maturity specified $**	**Non-interest bearing $**	**Total $**
Assets								
Cash & cash equivalents	1.572%	1,088,017	-	-	-	-	-	1,088,017
Trade & other receivables		-	-	-	-	-	9,426	9,426
Loans & advances	9.170%	-	3,169,072	823,363	-	-	-	3,992,435
Investment							975,000	975,000
Total Assets		**1,088,017**	**3,169,072**	**823,363**	**-**	**-**	**984,426**	**6,064,878**
Liabilities								
Trade & other payables		-	-	-	-	-	9,514	9,514
Loans		-	-	-	-	-	230,000	230,000
Debentures	5.292%	-	2,973,032	2,304,885	-	-	-	5,277,917
Total Liabilities		**-**	**2,973,032**	**2,304,885**	**-**	**-**	**239,514**	**5,517,431**
Total Equity								**547,447**

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)

The companies exposure to interest rate risk showing the contractual dates for classes of assets and liabilities for 2016 is shown below;

2016			**Fixed**					
	Weighted average rate %	**Floating interest rate $**	**0 - 12 months $**	**1 - 5 years $**	**Over 5 years $**	**No maturity specified $**	**Non-interest bearing $**	**Total $**
Assets								
Cash & cash equivalents	1.410%	1,197,672	-	-	-	-	-	1,197,672
Trade & other receivables		-	-	-	-	-	4,032	4,032
Loans & advances	9.443%	-	3,099,207	-	-	-	-	3,099,207
Investment		-	-	-	-	-	950,000	950,000
Total Assets		**1,197,672**	**3,099,207**	**-**	**-**	**-**	**954,032**	**5,250,911**
Liabilities								
Trade & other payables		-	-	-	-	-	22,460	22,460
Debentures	5.715%	-	3,096,952	1,745,032	-	-	-	4,841,984
Total Liabilities		**-**	**3,096,952**	**1,745,032**	**-**	**-**	**22,460**	**4,864,444**
Total Equity								**386,467**

NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)
Sensitivity analysis
The following table illustrates the sensitivities to the companies exposure to changes in interest rates. The company does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis
A change of +/- 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

	Profit or loss		**Equity**	
	1% p.a. Increase	**1% p.a. Decrease**	**1% p.a. Increase**	**1% p.a. Decrease**
2017	**$**	**$**	**$**	**$**
Interest bearing financial assets	50,805	(50,805)	50,805	(50,805)
Interest bearing financial liabilities	(52,779)	52,779	(52,779)	52,779
Cash flow sensitivity (net)	(1,975)	1,975	(1,975)	1,975

	Profit or loss		**Equity**	
	1% p.a. Increase	**1% p.a. Decrease**	**1% p.a. Increase**	**1% p.a. Decrease**
2016	**$**	**$**	**$**	**$**
Interest bearing financial assets	42,969	(42,969)	42,969	(42,969)
Interest bearing financial liabilities	(48,420)	48,420	(48,420)	48,420
Cash flow sensitivity (net)	(5,451)	5,451	(5,451)	5,451

(iv)Foreign exchange risk
There is no significant direct foreign exchange risk to the company.

NOTE 19: SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent periods.

NOTE 20: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities at balance date.

NOTE 21: SEGMENT REPORTING

Anglesey Secured Investments Limited operates predominantly in the debenture issuing (unlisted, unrated mortgage financing) finance industry within Australia. Customers and clients are predominantly based in regional areas of New South Wales and Victoria.

NOTE 22: COMPANY DETAILS

The registered office of the company is:
Anglesey Secured Investments Limited
44 Templar Street
FORBES NSW 2871

NOTE 23 - FAIR VALUE MEASUREMENTS

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices 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.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient date is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Fair Value Measurement

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the company investment properties measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

The Company's investment properties have all been valued at fair value under Level 3 measurements.

Fair value hierarchy

The table below shows the assigned level for investment properties held at fair value by the Company:

		Level 1	Level 2	Level 3	Total
30 June 2017		**$**	**$**	**$**	**$**
Recurring fair value measurements	**Note**				
Investment property	10			975,000	975,000

NOTE 23 - FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques and inputs used to measure Level 3 Fair Values

Description	Fair value as at 30 June 2017	Valuation Techniques	Inputs Used
Investment Property	975,000	Direct comparison and summation approach using market data for similar properties	Nil

The fair value of investment properties is determined by independent, qualified valuers who have experience in the location of the property. The Directors review the valuation reports and discuss significant movements with the valuers.

The valuation of the investment property portfolio was performed by Saunders & Staniforth Valuers as at 10 January 2017.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

ANGLESEY SECURED INVESTMENTS LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

1 The financial statements and notes, as set out on pages 1 to 28 are in accordance with the Corporations Act 2001; and

(a) comply with the Accounting Standards which as stated in accounting policy note 1 to the financial statements constitutes compliance with International Financial Reporting Standards; and

(b) give a true and fair view of the financial position as at 30 June 2017 of the company and of its performance for the period ended on that date

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director……………………………………………………………………….

Jeffory Herdegen

Dated 26th September 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF:

ANGELSEY SECURED INVESTMENTS LIMITED

Opinion

We have audited the accompanying financial report of Angelsey Secured Investments Limited , which comprises the Statement of Financial Position as at 30 June 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

In our opinion, the financial report of Angelsey Secured Investments Limited is in accordance with the *Corporations Act 2001*, including:

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

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

Directors' Responsibility for the Financial Report

The Directors of the Company 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 controls 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 preparing the financial report, the Directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, 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.

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

JOHN L BUSH & CAMPBELL
Chartered Accountants

Peter King
Partner

Wagga Wagga
26 September 2017