Anglesey Secured Investments Ltd

Financial Statements

For the Year Ended 30 June 2019

Anglesey Secured Investments Ltd

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For the Year Ended 30 June 2019

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Anglesey Secured Investments Ltd

Directors' Report
30 June 2019

The directors present their report on Anglesey Secured Investments Ltd for the financial year ended 30 June 2019.

1. **General information**

Information on directors

The names of each person who has been a director during the year and to the date of this report are:
Henry Pinskier
Peter David Wright
Geoffrey John Wensley
Jeffory Herdegen Retired 31 March 2019
Vanessa Crompton Retired 31 March 2019
Robin Chamberlian Retired 31 March 2019
Oliver Cain Retired 31 March 2019
Nicholas Lakin Retired 31 March 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Anglesey Secured Investments Ltd during the financial year was Debenture and Borrowing facilities.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. **Operating results and review of operations for the year**

Operating results

The loss of the Company after providing for income tax amounted to $ (140,267) (2018: $ (116,813)).

3. **Other items**

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

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

Directors' Report
30 June 2019

3. Other items

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or a state or territory.

Company secretary

The following person held the position of Company Secretary at the end of the financial year:

Geoffrey John Wensley has been the company secretary since 2019.

Indemnification and insurance of officers

For Directors only with Macquarie Ltd

Proceedings on behalf of the company

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 3 of the financial report.

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

Director: ....
Peter David Wright

Director: ....
Geoffrey John Wensley

Dated this 30th day of September 2019

rosenfeld kant

Rosenfeld Kant & Co
Chartered Accountants
ABN: 74 057 092 046

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Anglesey Secured Investments Ltd

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Anglesey Secured Investments Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* concerning the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Gary Williams FCA

Partner

30th September 2019

Bondi Junction

Anglesey Secured Investments Ltd

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Finance income	4	**110,488**	153,819
Other income		**4,927**	17,200
Occupancy costs		**(8,250)**	-
Administrative expenses		**(17,703)**	(29,765)
Other expenses		**(229,729)**	(258,067)
Profit before income tax		**(140,267)**	(116,813)
Income tax expense		**-**	-
Profit from continuing operations		**(140,267)**	(116,813)
Profit for the year		**(140,267)**	(116,813)
Total comprehensive income for the year		**(140,267)**	(116,813)

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives are prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB, and the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Statement of Financial Position

As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**898,665**	892,947
Trade and other receivables	8	**18,676**	22,672
Loans and advances	9	**5,124,092**	4,552,992
TOTAL CURRENT ASSETS		**6,041,433**	5,468,611
NON-CURRENT ASSETS			
Trade and other receivables		**27,000**	-
Property, plant and equipment	10	**7,648**	-
Investment properties	11	**627,359**	942,359
TOTAL NON-CURRENT ASSETS		**662,007**	942,359
TOTAL ASSETS		**6,703,440**	6,410,970
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**39,966**	36,044
Borrowings	13	**6,369,862**	5,940,422
TOTAL CURRENT LIABILITIES		**6,409,828**	5,976,466
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		**6,409,828**	5,976,466
NET ASSETS		**293,612**	434,504
EQUITY			
Retained earnings		**293,612**	434,503
		293,612	434,503
TOTAL EQUITY		**293,612**	434,503

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB 9, and the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Anglesey Secured Investments Ltd

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Note	Ordinary Shares $	Redeemable Preference Shares $	Retained Earnings $	Total $
Balance at 1 July 2018		**456,000**	**565,000**	**(586,496)**	**434,504**
Loss attributable to the entity		**-**	**-**	**(140,892)**	**(140,892)**
Balance at 30 June 2019		**456,000**	**565,000**	**(727,388)**	**293,612**

2018

	Note	Ordinary Shares $	Redeemable Preference Shares $	Retained Earnings $	Total $
Balance at 1 July 2017		456,000	565,000	(469,683)	551,317
Loss attributable to the entity		-	-	(116,813)	(116,813)
Transactions with owners in their capacity as owners					
Balance at 30 June 2018		456,000	565,000	(586,496)	434,504

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

The Company has not restated comparatives when initially applying AASB 9, and the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**4,927**	49,841
Payments to suppliers and employees		**(255,682)**	(283,963)
Interest received		**387,096**	427,353
Interest paid		**(296,042)**	(260,248)
Net cash provided by/(used in) operating activities	21	**(159,701)**	(67,017)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(7,648)**	-
Purchase of financial assets		**(150,000)**	(560,557)
Net cash provided by/(used in) investing activities		**(157,648)**	(560,557)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**323,067**	662,505
Repayment of borrowings		**-**	(230,000)
Net cash provided by/(used in) financing activities		**323,067**	432,505
Net increase/(decrease) in cash and cash equivalents held		**5,718**	(195,069)
Cash and cash equivalents at beginning of year		**892,947**	1,088,016
Cash and cash equivalents at end of financial year	7	**898,665**	892,947

The accompanying notes form part of these financial statements.

The financial report covers Anglesey Secured Investments Ltd as an individual entity. Anglesey Secured Investments Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Anglesey Secured Investments Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 30 September 2019.

Comparatives are consistent with prior years unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

2 Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future.
-

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, and economic benefits associated with the transaction will probably flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

For the current year

The core principle of AASB 15 is that revenue is recognised on the basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company is:

Debenture Interest

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) 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.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	20% - 100%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset are reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Investment property

Investment property is carried at fair value, determined annually by an independent valuer. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as other income/expenses.

(f) Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories, which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the ‘finance income' or ‘finance costs' line item, respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual, monetary assets.

After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company’s trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments; the Company does not necessarily consider the balance to be impaired; however, assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if the Company's management intends to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets Loans and Advances

At the end of the reporting period, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

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 ad debts are recognised as expenses in the profit and loss account.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

For the current year

Financial instruments are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

After initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which are they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments at fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal, any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

The Company has debt securities which are held within a business model whose objective is achieved by both collecting contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other gains or losses are recognised in OCI.

On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The Company's debt instruments assets measured at FVTOVCI - debt comprise loans and borrowings in the statement of financial position.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income, as described above, are measured at FVTPL.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Company's financial assets measured at FVTPL comprise derivatives Debentures in the statement of financial position.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract, and the cash flows expected to be received. This is applied using a probability-weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9, which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable, then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flow is discounted at the original effective interest rate, and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost is determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk, then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs; subsequently, financial liabilities are measured at amortised cost using the effective interest rate method.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) 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 operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

the company's main activity is to accept deposits of monies via debentures from investor and then on-lend the

funds invested in the security of registered mortgages over real property in Australia.

At 30 June 2019, the net assets of the company were $293,612. Included in the net assets are liabilities with respect to debentures of $6,369,682. At balance date, the companies total assets were $6,676,440. Including cash and cash equivalents of $898,665.

(i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to adopt these standards early. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Pronouncement	AASB 2017 -4
Nature of the Change in Accounting Policy	Interpretation 23 applies to income taxes within the scope of AASB 112 only, which are those based on profits, such as, company tax. Taxes that are not based on profits (for example, GST or mining royalties) are outside the scope of this Interpretation. Interpretation 23 should be applied consistently to the recognition of both current and deferred taxes.
Effective Date	1 January 2019
Expected Impact on the Financial Statements	Immaterial as there is a large tax loss.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

Pronouncement	AASB 15 Revenue from contracts with customers
Nature of the Change in Accounting Policy	AASB 15 introduces a five-step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, guide transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.
Effective Date	1 January 2018
Expected Impact on the Financial Statements	Minimal

Pronouncement	AASB 9 Financial Instruments
Nature of the Change in Accounting Policy	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. AASB 9 includes a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows: • to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139); • changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and • modification of the requirements for effectiveness testing

3 Critical Accounting Estimates and Judgments

Key estimates Loans

	(including removal of the 'bright- line' effectiveness test that offset for hedging must be in the range 80-125%). Revised disclosures about an entity's hedge accounting have also been added to AASB 7 Financial Instruments: Disclosures. Impairment of assets is now based on expected losses in AASB 9, which requires entities to measure: • the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or • full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.
Effective Date	1 January 2018
Expected Impact on the Financial Statements	Minimal
Pronouncement	AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
Nature of the Change in Accounting Policy	This standard amends AASB 9 to permit entities to measure at amortised cost or fair value through other comprehensive income certain financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet the condition only a result of prepayment feature (subject to meeting other conditions, such as nature of the business model relevant to the financial asset). Otherwise, the financial asset would be measured at fair value through profit or loss.
Effective Date	1 January 2019
Expected Impact on the Financial Statements	Minimal
Pronouncement	AASB 16 Leases
Nature of the Change in Accounting Policy	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

	Rent expense will no longer be shown; the profit and loss impact of the leases will be through amortisation and interest charges.
Effective Date	1 January 2019
Expected Impact on the Financial Statements	Interest and amortisation expense will increase, and rental expense will decrease.

(j) 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's of significant receivables that are not as impaired individually is performed by planning 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 adjuster for any effect 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 accessing the 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 doesn't to generate largely independent cash inflows, the recoverable amount is determined for the cash-generating until to which the asset belongs.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements. However, as additional information is known, then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on the quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however, these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates Loans

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 realty 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 cashflows. 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 cashflows 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 fall short of the discounted cash flows total, then a provision equal to the shortfall is adopted by the Board. Once the Board approves the recommendation, a provision is made against the loan.

3 Critical Accounting Estimates and Judgments

Key estimates Loans

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

The recoverable amount of financial and non-financial assets

In terms of provision 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 cashflows. The cash flow requires critical judgements to be made on the timing of the cash inflows and outflows in determining the recoverability the loans. If the principal and unpaid interest and fees fall sour of the discounted cash flows total, then a provision equal to the shortfall is adopted by the Board. Once the Board approves the recommendation, a provision is made against the loan.

Similarly, for non-current assets held for sale, investments and inventory properties, periodical independent valuations form licensed valuer's are commission in assessing the recoverable amount and net realisable 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 markers and estimated project development potential. Changes in these assumptions used 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 building s not held for resale, periodic and independent valuations from licensed valuer's are commissioned in accessing recoverable amount and net realisable values.

Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the Company's 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 is performed in accessing recoverable amounts.

Notes to the Financial Statements
For the Year Ended 30 June 2019

4 Revenue and Other Income

	2019 $	2018 $
Revenue		
- administration and management fees	**387,096**	418,370
- Other Income	**(276)**	(1,548)
- Interest Investments	**19,707**	22,229
- Depositors Interest paid	**(296,042)**	(285,232)
	110,485	153,819

5 Major Expenses for the Year

The result for the year includes the following specific expenses:

	2019 $	2018 $
Other expenses:		
Advertising	**-**	646
ASIC Fees	**5,312**	6,824
Computer Software	**9,319**	8,061
Insurance	**16,464**	21,691
Legal Expenses	**29,592**	33,655
Trustee Fees	**60,500**	50,289
Contractors	**10,810**	8,920
Rent	**4,950**	-
Website	**1,803**	2,770

6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

(b) Reconciliation of income tax to accounting profit:

	2019 $	2018 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018: 30%)	**(42,080)**	(35,044)
Add:		
Tax effect of:		
-	**-**	-
	(42,080)	(35,044)
Less:		
Tax effect of:		
-	**-**	-
Income tax expense	**(42,080)**	(35,044)

6 Income Tax Expense

		2019	2018
		$	$
The weighted average effective tax rate		**30%**	30%

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

7 Cash and Cash Equivalents

	2019	2018
	$	$
Cash at bank and in hand	**264,108**	39,376
Other cash and cash equivalents	**634,557**	853,571
	898,665	892,947

8 Trade and other receivables

	2019	2018
	$	$
CURRENT		
Accrued Interest Loans	**14,421**	6,675
Accrued Interest Investments	**4,255**	15,997
Total current trade and other receivables	**18,676**	22,672

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Loans and Advances

		2019	2018
		$	$
CURRENT			
Loans to NBFI	9(b)	**437,231**	-
Loans control accounts		**4,686,861**	4,552,992
		5,124,092	4,552,992

Notes to the Financial Statements

For the Year Ended 30 June 2019

(a) Loan Analysis and Impairment

	< 30 days $	31-60 days $	61-90 days $	> 90 days $	Within Terms $	Gross amount $
2019						
Loans Secured by mortgage	346,534	-	166,267	608,653	3,565,407	4,686,861
Provision for Impairment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Subtotal	346,534	-	166,267	608,653	3,565,407	4,686,861
Loans Secured by Mortgage	2,149,401	426,562	370,354	-	1,606,675	4,552,992
Provision for Impairment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Subtotal	2,149,401	426,562	370,354	-	1,606,675	4,552,992

The above 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 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 proved for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

Impairment losses

A provision for impairment loss 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.

(b) Loan to NBFI

During the 2019 year, NBFI purchased Anglesey Secured Investments Ltd. The previous shareholders were paid out on the 1st of April for the value of the equity, which was the transfer date. NBFI owe the funds to Anglesey Secured Investments Ltd.

10 Property, plant and equipment

PLANT AND EQUIPMENT

Office equipment		
At cost	**65,461**	57,813
Accumulated depreciation	**(57,813)**	(57,813)
Total property, plant and equipment	**7,648**	-

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment $	Total $
Year ended 30 June 2019		
Balance at the beginning of year	-	-
Additions	**7,648**	**7,648**
Balance at the end of the year	**7,648**	**7,648**

11 Investment Properties

	2019 $	2018 $
Balance at beginning of year	**942,359**	942,359
Disposals	**(315,000)**	-
Balance at end of year	**627,359**	942,359
Total Investment Properties	**627,359**	942,359

(a) Valuation

The valuation of investment properties is based upon independent valuations conducted by Saunders and Staniforth during the 2015 year. One property was sold this year for less than the revalued amount of $295,000 $20,000 less than the revalued amount.

No revaluations were completed during the 2019 year due to the sale pricing be less for the other property. The revaluation will be revisited in the 2020 Financial year.

The Directors consider that the current value to be reflective of the market value at this time.

Investment property

- 52-70 Church Street Forbes

12 Trade and Other Payables

	2019	2018
	$	$
Current		
Trade payables	**27,000**	24,772
Sundry payables and accrued expenses	**9,392**	8,225
Provision for tax	**3,574**	3,047
	39,966	36,044

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Borrowings

	2019	2018
	$	$
CURRENT		
Depositors Loan Account	**6,369,862**	5,940,422
Total current borrowings	**6,369,862**	5,940,422

(a) Borrowings liquidity

The liquidity of the company is reviewed on a monthly basis via management reporting. The company doesn't believe there is any material exposure in respect of the concentration of its deposits and borrowing. 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.

14 Financial Risk Management

	2019	2018
	$	$
Financial assets		
Loans and receivables	**-**	5,468,611
Held at amortised cost		
Cash and cash equivalents	**898,665**	-
Trade and other receivables	**5,169,767**	-
Financial liabilities		
Financial liabilities at amortised cost	**6,409,827**	5,976,467
Financial liabilities at fair value		
Total financial liabilities	**6,409,827**	5,976,467
Total	**(341,395)**	(507,856)

The Company has not restated comparatives when initially applying AASB 9; the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. An adequate amount of committed credit additionally secures funding for long term liquidity needs.

facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and 360 days are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Anglesey Secured Investments Ltd has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undercounted contracted cash flows, and therefore the balances in the table may not equal the balances in the statement of a financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high-quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer, and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receive monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk concerning any single counterparty or group of counterparties.

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are, therefore, usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

	2019	2018
	$	$
Floating rate instruments		
Bank	**898,665**	892,947
Debentures	**6,369,862**	5,940,422
Loans and Advances	**5,124,092**	4,552,992
	12,392,619	11,386,361

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2018: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2019		2018	
	+1.00%	**-1.00%**	**+1.00%**	**-1.00%**
	$	**$**	**$**	**$**
Interest bearing financial assets	**46,868**	**(46,868)**	54,459	(54,459)
Interest bearing financial liabilities	**(64,098)**	**64,098**	(59,404)	59,404
Equity	**(17,230)**	**17,230**	(4,945)	4,945

15 Dividends

No dividends were paid or declared during the 2019 Financial year.

Franking account

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $ - (2018: $ -).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Anglesey Secured Investments Ltd during the year are as follows:

The total remuneration paid to key management personnel of the Company is $ 52,882 (2018: $ 64,694).

17 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Investment property

Fair value hierarchy

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 table below shows the assigned level for each asset and liability held at fair value by the company:

30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Investment property	**-**	**-**	**627,359**	**627,359**

30 June 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Investment property	-	-	942,359	942,359

Level 2 measurements

No investments in the measurement tier

Level 3 measurements

Investment properties valued at market value, last valuation October 2015.

Unobservable inputs and sensitivities

* There were no significant interrelationships between unobservable inputs that materially affect fair values.

18 Issued Capital

(a)

(i) Issued Capital

	2019 $	2018 $
Fully paid ordinary shares	**456,000**	456,000
Fully paid perferance shares	**565,000**	565,000
	1,021,000	1,021,000

The companies key objectives in terms of its capital 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 to that it can provide returns to the company shareholders and benefits for other stakeholders.

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 of 30 June 2018, the company's capital ratio was 4.4% (2018:6.78%)

19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies on 30 June 2019 (30 June 2018:None).

20 Related Parties

(a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is NBFI which is incorporated in Australia and owns 100% of Anglesey Secured Investments Ltd.

Key management personnel - refer to Note 16.

21 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	$	$
Profit for the year	**(140,267)**	(116,813)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**-**	3,869
- revaluation of investment	**-**	32,641
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(3,996)**	(13,246)
- increase/(decrease) in trade and other payables	**(15,438)**	26,532
Cashflows from operations	**(159,701)**	(67,017)

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 30 September 2019 by the board of directors.

No matters or circumstances have arisen since the end of the financial 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 financial years.

23 Statutory Information

The registered office and principal place of business of the company is:

Anglesey Secured Investments Ltd
Lvl 24 Tower 2
101 Grafton Road
Bondi Junction NSW

Anglesey Secured Investments Ltd

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 31, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards Reduced Disclosure Requirements; and

    b. Give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company.

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 ....
Peter David Wright

Director ....
Geoffrey John Wensley

Dated 30th September 2019

rosenfeld kant

Rosenfeld Kant & Co
Chartered Accountants
ABN: 74 057 092 046

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Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Anglesey Secured Investments Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company 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 2019 and of its financial performance for the year ended; and

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

Basis for Qualified Opinion

During the year ownership of the entity changed. This occurred on the 1st of April. From the 1st of January 2019 until the sale records of day to day transactions appear not to have been kept. For the period 1 January to the 31 March 2019 we cannot verify the completeness of expenditure. We therefore do not offer an opinion during this time frame.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the 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 qualified opinion.

Emphasis of Matter

We would like to bring to your attention note 18 which indicates the Capital ratio was less then the 8% required.

Responsibilities of Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Gary Williams FCA

Partner

Location Bondi Junction
Dated this 30 day of September 2019