

# **NBFI Secured Investments Ltd**

ABN 91 111 607 606

## **Financial Statements**

For the Period Ended 30 June 2021

# NBFI Secured Investments Ltd

ABN 91 111 607 606

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For the Period Ended 30 June 2021

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# **NBFI Secured Investments Ltd**

ABN 91 111 607 606

## **Directors' Report For the Period Ended 30 June 2021**

The directors present their report on NBFI Secured Investments Ltd for the financial year ended 30 June 2021.

### **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 Pinski

Peter David Wright

Geoffrey John Wensley

Craig Stephen Hitchings

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 NBFI 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 profit of the Company after providing for income tax amounted to \$ 350,995 (2020: \$ (230,261)).

### **3. Other items**

#### **Significant changes in 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.

#### **Environmental matters**

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

**NBFI Secured Investments Ltd**

ABN 91 111 607 606

**Directors' Report  
For the Period Ended 30 June 2021**

**Company secretary**

Geoffrey John Wensley held the position of Company secretary at the end of the financial year:

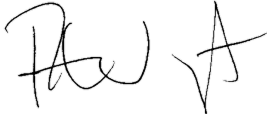
**Indemnification and insurance of officers and auditors**

All Directors of NBFI Investment are covered by PI to the value of \$2.5 Million

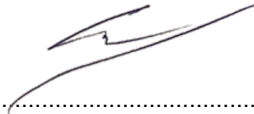
**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 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: .....



Director: .....

Dated this 23 day of August 2021

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

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

Chartered Accountant



Raul Valois CA

Dated 26th day of August 2021

## NBFI Secured Investments Ltd

ABN 91 111 607 606

### Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 30 June 2021

		2021	2020
	Note	\$	\$
Interest received		(2,199)	171,014
Other income	4	683,639	162,088
Administrative expenses		(39,333)	(39,881)
Impairment Investment Property		-	(66,801)
Amortisation		(25,896)	(153,753)
Other expenses		(265,216)	(302,928)
<b>Profit before income tax</b>		<b>350,995</b>	<b>(230,261)</b>
Income tax expense		-	-
<b>Profit from continuing operations</b>		<b>350,995</b>	<b>(230,261)</b>
<b>Profit for the year</b>		<b>350,995</b>	<b>(230,261)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Total comprehensive income for the year</b>		<b>350,995</b>	<b>(230,261)</b>

The accompanying notes form part of these financial statements.

# NBFI Secured Investments Ltd

ABN 91 111 607 606

## Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	4,455,723	2,749,311
Trade and other receivables	7	279,521	132,404
Loans and advances	8	2,043,643	2,961,643
TOTAL CURRENT ASSETS		<u>6,778,887</u>	<u>5,843,358</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	24,643	49,285
Investment properties	10	560,558	560,558
Intangible assets	11	22,028	27,500
Other assets		-	5,170
TOTAL NON-CURRENT ASSETS		<u>607,229</u>	<u>642,513</u>
TOTAL ASSETS		<u>7,386,116</u>	<u>6,485,871</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	18,511	47,545
Borrowings	13	6,443,259	6,134,975
TOTAL CURRENT LIABILITIES		<u>6,461,770</u>	<u>6,182,520</u>
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		<u>6,461,770</u>	<u>6,182,520</u>
NET ASSETS		<u>924,346</u>	<u>303,351</u>
<b>EQUITY</b>			
Issued capital	14	1,531,000	1,261,000
Retained earnings		(606,654)	(957,649)
TOTAL EQUITY		<u>924,346</u>	<u>303,351</u>

The accompanying notes form part of these financial statements.

## NBFI Secured Investments Ltd

ABN 91 111 607 606

### Statement of Changes in Equity For the Period Ended 30 June 2021

2021

	Ordinary Shares	Convertible Preference Shares	Retained Earnings	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>696,000</b>	<b>565,000</b>	<b>(957,649)</b>	<b>303,351</b>
Profit attributable to entity	-	-	350,995	350,995
Transfer prior year revaluation increment to asset realisation on sale of freehold property	270,000	-	-	270,000
<b>Balance at 30 June 2021</b>	<b>966,000</b>	<b>565,000</b>	<b>(606,654)</b>	<b>924,346</b>

2020

	Ordinary Shares	Convertible Preference Shares	Retained Earnings	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	456,000	565,000	(727,388)	293,612
Loss attributable to entity	-	-	(230,261)	(230,261)
Capital	240,000	-	-	240,000
<b>Balance at 30 June 2020</b>	<b>696,000</b>	<b>565,000</b>	<b>(957,649)</b>	<b>303,351</b>

The accompanying notes form part of these financial statements.



# NBFI Secured Investments Ltd

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## Statement of Cash Flows For the Period Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		406,977	162,088
Payments to suppliers and employees		(474,388)	(386,940)
Interest received		670,000	498,221
Interest paid		(392,461)	(327,433)
Net cash provided by/(used in) operating activities		<u>210,128</u>	<u>(54,064)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		-	(73,927)
Payment of financial assets		918,000	977,402
Net cash provided by/(used in) investing activities		<u>918,000</u>	<u>903,475</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of shares		270,000	240,000
Proceeds from borrowings		308,284	761,235
Net cash provided by/(used in) financing activities		<u>578,284</u>	<u>1,001,235</u>
Net increase/(decrease) in cash and cash equivalents held		1,706,412	1,850,646
Cash and cash equivalents at beginning of year		<u>2,749,311</u>	<u>898,665</u>
Cash and cash equivalents at end of financial year	6	<u>4,455,723</u>	<u>2,749,311</u>

The accompanying notes form part of these financial statements.

## NBFI Secured Investments Ltd

ABN 91 111 607 606

# Notes to the Financial Statements

## For the Period Ended 30 June 2021

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

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

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

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 - Reduced Disclosure Requirements and the *Corporations Act 2001*.

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Specific revenue streams

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

##### Revenue recognition

###### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

###### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

###### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Debenture Interest and Late fees are the specific revenue streams

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

#### **Other income**

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

#### **(b) 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 is able to control the timing of the reversal of the temporary differences and it is probable that 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.

#### **(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) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Entity is not registered for GST and the majority of the income is interest based.

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

**(e) 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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Motor Vehicles	33.3%
Office Equipment	20% - 100%

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

**(f) Investment property**

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

**(g) Financial instruments**

Financial instruments are recognised initially on the date that the Company becomes 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

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

- 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.

Subsequent to 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 they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as 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 clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### 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 holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

#### *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 a financial assets has increased significant 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.

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 is 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 flows are 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 are 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 significant increase in credit risk then the lifetime losses are estimated and recognised.

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

#### **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.

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

#### **(h) Intangible assets**

##### **Software**

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

##### **Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents comprises 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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### **(j) 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 asset and settlements 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 on the security of registered mortgages over real property in Australia.

At 30 June 2021 the net assets of the company were \$924,346. Included in the net assets are liabilities with respect to debentures of \$6,443,259. At balance date the company's total assets were \$7,386,116 including cash and cash equivalents of \$4,455,723.

## Notes to the Financial Statements

### For the Period Ended 30 June 2021

#### (k) 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 cashflows, discounted at the original effective interest rate (ie 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. Nonsignificant receivables are not individually assessed. Instead, impairment testing is performed 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 exiting at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value is use. In accessing value in use, the estimated future cashflows are discounted to their present value using a pre tax discounted 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 in flows, the recoverable am amount is determine 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.

#### 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 value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for plant and equipment based in Australia, growth rates of -% have been factored into valuation models for the next five years on the basis of management's expectations around the Company's continued ability to capture market share from competitors. Cash flow growth rates of -% subsequent to this period have been used as this reflects historical industry averages. Cash flow projections used for non-monetary assets outside of Australia have been based on growth rates of -%. The rates used incorporate allowance for inflation. Pre-tax discount rates of -% have been used in all models.

#### 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 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.



## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

#### **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 licenses 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 falls short of the discounted cashflows 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.

#### **Key estimates - 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.

# NBFI Secured Investments Ltd

ABN 91 111 607 606

## Notes to the Financial Statements For the Period Ended 30 June 2021

### 4 Revenue and Other Income

	2021	2020
	\$	\$
Revenue		
- Interest	(2,199)	171,014
- CEP Fee income	670,000	106,300
- Interest penalty	13,639	55,788
	<b>681,440</b>	<b>333,102</b>

### Result for the Year

The result for the year includes the following specific expenses:

	2021	2020
	\$	\$
Other expenses:		
Advertising	2,249	13,653
ASIC Fees	15,392	13,938
Computer Software	10,035	8,985
Insurance	151,691	89,153
Trustee Fees	66,000	71,501

### 5 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2021	2020
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 26.5 % (2020: 27.5%)	93,014	(69,078)
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	25,896	220,554
	<b>118,910</b>	<b>151,476</b>
Less:		
Tax effect of:		
- Depreciation	25,896	32,290
Income tax expense	<b>93,014</b>	<b>119,186</b>

The increase in the weighted average effective tax rate for 2021 is a result of [enter details here].

(b) Income tax relating to each component of other comprehensive income:

(c) Amounts recognised directly in equity

## NBFI Secured Investments Ltd

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### Notes to the Financial Statements For the Period Ended 30 June 2021

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.

#### 6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	446,928	251,994
Other cash and cash equivalents	4,008,795	2,497,317
	<u>4,455,723</u>	<u>2,749,311</u>

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	4,455,723	2,749,311
Bank overdrafts	13 (177)	-
<b>Balance as per statement of cash flows</b>	<u>4,455,546</u>	<u>2,749,311</u>

#### 7 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	-	1,257
Accrued Interest Loans	3,892	9,721
Accrued Interest Investments	275,629	121,426
<b>Total current trade and other receivables</b>	<u>279,521</u>	<u>132,404</u>

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.

**NBFI Secured Investments Ltd**

ABN 91 111 607 606

**Notes to the Financial Statements  
For the Period Ended 30 June 2021**

**8 Loans and Advances**

	2021	2020
	\$	\$
CURRENT		
Loans control accounts	2,043,643	2,961,643
	<u>2,043,643</u>	<u>2,961,643</u>

**(a) Loan Analysis and Impairment**

	<u>&lt; 30</u>	<u>31-60</u>	<u>61-90</u>	<u>&gt; 90</u>	<u>Within</u>	<u>Total</u>
	Days			Days	Terms	
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
Loans Secured by mortgage	-	-	-	-	2,043,643	2,043,643
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,043,643</u>	<u>2,043,643</u>

**9 Property, plant and equipment**

	2021	2020
	\$	\$
Motor vehicles		
At cost	73,927	73,927
Accumulated depreciation	(49,284)	(24,642)
Total motor vehicles	<u>24,643</u>	49,285
Office equipment		
At cost	65,461	65,461
Accumulated depreciation	(65,461)	(65,461)
Total office equipment	<u>-</u>	-
Total plant and equipment	<u>24,643</u>	49,285
<b>Total property, plant and equipment</b>	<u>24,643</u>	49,285

**(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:

	Motor Vehicles	Office Equipment	Total
	\$	\$	\$
<b>Year ended 30 June 2021</b>			
Balance at the beginning of year	49,285	-	49,285
Depreciation expense	(24,642)	-	(24,642)
<b>Balance at the end of the year</b>	<u>24,643</u>	<u>-</u>	<u>24,643</u>

## NBFI Secured Investments Ltd

ABN 91 111 607 606

### Notes to the Financial Statements For the Period Ended 30 June 2021

#### 10 Investment Properties

	2021	2020
	\$	\$
<b>At fair value</b>		
<b>Owned Property</b>		
Balance at beginning of year	560,558	627,359
Fair value adjustments	-	(66,801)
<b>Balance at end of year</b>	<b>560,558</b>	<b>560,558</b>
<b>Total Investment Properties</b>	<b>560,558</b>	<b>560,558</b>

Investment property includes properties that are held as right to use assets, as well as properties that are owned by the Company.

No independent valuation was completed during the 2021 year.

The directors have reviewed the value of the current investment property and the state of the real estate market generally and feel that it is not necessary to impair the value of the investment property. The directors consider that the current value to be reflective of the market value at the time of signing 2021.

Investment property

- 52-70 Church Street Forbes

#### 11 Intangible Assets

	2021	2020
	\$	\$
Computer software		
Cost	93,393	93,315
Accumulated amortisation and impairment	(71,365)	(65,815)
<b>Total Intangible assets</b>	<b>22,028</b>	<b>27,500</b>

##### (a) Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
<b>Year ended 30 June 2021</b>		
Balance at the beginning of the year	93,393	93,393
Amortisation	(71,365)	(71,365)
<b>Closing value at 30 June 2021</b>	<b>22,028</b>	<b>22,028</b>

## NBFI Secured Investments Ltd

ABN 91 111 607 606

### Notes to the Financial Statements For the Period Ended 30 June 2021

#### 12 Trade and Other Payables

	2021	2020
Note	\$	\$
CURRENT		
Sundry payables and accrued expenses	18,511	14,915
Provision for tax	-	3,775
Other payables	-	28,855
	<u>18,511</u>	<u>47,545</u>

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

	2021	2020
	\$	\$
Unsecured liabilities:		
Depositors Loan Account	6,443,082	6,134,975
ANZ	177	-
<b>Total current borrowings</b>	<u>6,443,259</u>	<u>6,134,975</u>
<b>Total borrowings</b>	<u>6,443,259</u>	<u>6,134,975</u>

#### Summary of borrowings

(a) The carrying amounts of non-current assets pledged as collateral for liabilities are:

	2021	2020
	\$	\$
Value of Securities maturing within 12 months	3,898,474	3,897,892
Value of Securities maturing within 12 months	2,544,608	2,237,083
ANZ	177	-
	<u>6,443,259</u>	<u>6,134,975</u>

#### 14 Issued Capital

	2021	2020
	\$	\$
Ordinary shares	966,000	696,000
Preference Type A shares	565,000	565,000
<b>Total</b>	<u>1,531,000</u>	<u>1,261,000</u>

## Notes to the Financial Statements

### For the Period Ended 30 June 2021

#### 15 Financial Risk Management

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

	2021	2020
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	4,455,723	2,749,311
Trade and other receivables	2,323,164	3,094,047
<b>Total financial assets</b>	<b>6,778,887</b>	<b>5,843,358</b>
<b>Financial liabilities</b>		
Financial liabilities at cost	6,461,770	6,182,519
<b>Total financial liabilities</b>	<b>6,461,770</b>	<b>6,182,519</b>

##### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of NBFI Secured Investments Ltd's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and NBFI Secured Investments Ltd's activities.

The day-to-day risk management is carried out by NBFI Secured Investments Ltd's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

##### 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. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit 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

## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

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 a 360-day period 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 NBFI 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 undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of 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 receives 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 with respect to any single counterparty or group of counterparties.



## **Notes to the Financial Statements**

### **For the Period Ended 30 June 2021**

#### *(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.

#### *Sensitivity analysis*

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% (2020: +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.

#### *(ii) Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Such risk is managed through diversification of investments across industries and geographic locations.

## **16 Fair Value Measurement**

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

- Investment property

## **17 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

## **18 Related Parties**

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

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

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

## **19 Events Occurring After the Reporting Date**

The financial report was authorised for issue on 13 August 2021 by the board of directors.

## **NBFI Secured Investments Ltd**

ABN 91 111 607 606

### **Notes to the Financial Statements For the Period Ended 30 June 2021**

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.

#### **20 Statutory Information**

The registered office of the company is:

NBFI Secured Investments Ltd  
Lvl 24 Tower 2  
101 Grafton Street  
Bondi Junction NSW 2022

The principal place of business is:

NBFI Secured Investments Ltd  
Lvl 1  
274-290 Victoria Street  
Darlinghurst NSW 2010

**NBFI Secured Investments Ltd**

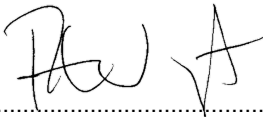
ABN 91 111 607 606

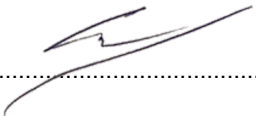
**Directors' Declaration**

The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 4 to 24, 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 2021 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 ..... 

Director ..... 

23/08/2021  
Dated

## Independent Audit Report to the members of NBFi Secured Investments Ltd

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of NBFi Secured Investments Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, 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 my opinion, 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 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am 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 (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 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 - Reduced Disclosure Requirements 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

My 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 my opinion. Reasonable

## Independent Audit Report to the members of NBFi Secured Investments Ltd

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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide the directors with a statement that I 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 my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Accountant



Raul Valois CA

Location Bondi Junction

Dated 26th day of August 2021

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