MERCANTILE INVESTMENT COMPANY LIMITED

AND CONTROLLED ENTITIES

ABN 15 121 415 576

Annual Report
30 June 2022

Mercantile Investment Company Limited
And Controlled Entities
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Mercantile Investment Company Limited
And Controlled Entities
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Corporate Directory

Directors:	Mr Gabriel Radzyminski - Non-Executive Chairman Mr Peter Velez - Independent Non-Executive Director Ms Melinda Snowden - Independent Non-Executive Director (retired 2 March 2022) Ms Jacqueline Sullivan- Independent Non-Executive Director (appointed 24 January 2022)
Company Secretary:	Mark Licciardo Acclime Australia (Formerly Mertons Corporate Services Pty Ltd) Level 7, 330 Collins Street Melbourne VIC 3000
Auditor:	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney NSW 2000
Registered Address:	Level 5, 139 Macquarie Street Sydney NSW 2000
Contact Details:	Telephone: +61 2 8014 1188 Email: info@sandoncapital.com.au Website: www.sandoncapital.com.au
Share Registrar:	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: +61 2 8280 7100 Website: www.linkmarketservices.com.au
ASX Listed Security:	**MVTHA (Maturity date: 10 July 2026)** 4.8% p.a. Unsecured Notes

Mercantile Investment Company Limited
And Controlled Entities
ABN 15 121 415 576

Portfolio Composition
As at 30 June 2022

Listed Domestic Investments	**Total Value** $
Yellow Brick Road Ltd	5,688,271
Fleetwood Corporation Ltd	3,304,740
Joyce Corporation Limited	2,533,078
Australian Silica Quartz Group Ltd	2,174,033
Coventry Group Ltd	1,967,018
Dawney & Co Ltd	1,838,276
BCI Minerals Ltd	1,608,489
COG Financial Services Ltd	1,557,578
Fitzroy River Corporation Ltd	1,420,405
Kingsgate Consolidated Ltd	1,225,156
Sietel Ltd	890,418
MMA Offshore Ltd	232,842
Desane Group Holdings Ltd	187,658
Earlypay Ltd	166,905
Smart Parking Ltd	90,000
Quattro Plus Real Estate Ltd	29,239
Sub-total	**24,914,106**

Listed International Investments	**Total Value** $
Spectra Systems Corp (UK)	9,466,218
Worsley Investors Limited (UK)	1,481,700
Hydro Hotel Eastbourne PLC (UK)	1,031,875
Smart (J.) & Co. (Contractors) PLC (UK)	552,045
Northamber PLC (UK)	227,100
Enteq Upstream PLC (UK)	216,918
Sub-total	**12,975,856**
Unlisted Investments	
Foundation Life (NZ) Limited	6,081,500
CM Capital Venture Trust No 4	3,558,993
Scantech Ltd	83,470
DMX Corporation Ltd	4,800
Sub-total	**9,728,763**
Total Portfolio Position at 30 June 2022	**47,618,725**

Directors' Report

The Directors of Mercantile Investment Company Limited (MVT or the Company) present their report together with the financial statements and its controlled entities for the year ended 30 June 2022.

Directors

The following persons were Directors of MVT for the whole or part of the financial year and up to the date of this report:
- Mr Gabriel Radzyminski
- Mr Peter Velez
- Ms Melinda Snowden (retired 2 March 2022)
- Ms Jacqueline Sullivan (appointed 24 January 2022)

Principal Activities

MVT is an unlisted investment company whose assets are managed by an external investment manager, Sandon Capital Pty Ltd (the Manager). The Company is a wholly owned subsidiary of Sandon Capital Investments Limited (ASX: SNC). The principal activities of the Group during the financial year were investments in cash and securities, consumer finance and shipping services.

Dividends Paid or Recommended

No dividends were paid or are payable for the year ended 30 June 2022 (2021: nil).

Review of operations

The share market performance of the Company's portfolio for the year ended 30 June 2022 was disappointing. By contrast, corporate performance of most of the portfolio companies was satisfactory, and in some instances far more than satisfactory.

This combination gives us first-hand experience of what Ben Graham meant when he described the share market as a voting machine in the short term and a weighing machine in the long term. The voting in the short term reflects the sum of investor sentiment, whereas time tends to provide evidence of the true substance of a firm.

Spectra Systems Corporation (SPSY)

SPSY, a US technology company listed on the London Stock Exchange, specialises in authentication and cleaning technologies for bank notes, as well as having a burgeoning platform in gaming security software. Its clients are approximately 20 of the world's central banks.

Since 2019, revenues have grown 33% and EBITDA has grown by 39%. Importantly, this growth has required minimal capital expenditure, resulting in very strong cash flow generation. The company has consistently had net cash on its balance sheet and for the past 5 years has paid attractive and growing dividends. The medium-term future looks bright, with SPSY expected to continue to grow revenue and earnings. SPSY currently trades at an enterprise value to EBITDA multiple of ~7 times, offers a double-digit free cash flow yield and has a quarter of its market capitalisation in cash. There is also significant growth embedded into existing customer contracts and as well as the potential to grow the customer base. All these factors lead us to conclude that SPSY is a company we are very happy to own.

Richfield Maritime Agency (S) Pte Ltd (wholly owned subsidiary)

Richfield Maritime Agency (S) Pte Ltd (RMA), the Company's wholly owned Singapore based shipping agency, generated total revenue for the year ended 30 June 2022 of $1.5m (2021: $0.6m) and a net profit after tax of $0.4m (2021: profit of $0.0m).

We commend the team at RMA in Singapore, which continues to be ably led by its founder, Mr CC Tan. RMA's revenues grew as container shipping activity benefited from increased container shipping demand as much of the world emerged from COVID restrictions. Carriers, to whom RMA provides its services, now expect the slow-down in global economic activity to flow through to reduced demand for container shipping.

Directors' Report (continued)

Review of operations (continued)

Ask Funding Limited (partially owned subsidiary)

Ask Funding Limited (AKF) generated total revenue of $1.6m (2021: $1.6m) and a net loss after tax of $0.4m (2021: loss of $0.3m). This net loss includes an impairment of $1.7m (2021: $1.5m) relating to the write down of the loan book value. AKF's activities since closure of all loan books has been limited to the servicing and amortising of its loan books with the sole objective of distributing all surplus funds to shareholders.

AKF has progressively reduced its cost base in line with the run-off of receivables. AKF continues to closely monitor its revenue, cost base and cash flow to ensure operational viability. It will continue to service and amortise its loan book with the sole objective of delivering the surplus funds to shareholders. AKF's loan book remains permanently closed to new loans.

MVT, being the parent company of AKF, has undertaken to provide financial support to AKF to support the run-off strategy.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in the report or the Group's financial statements.

Financial Position, Financial Instruments and Going Concern

Details of financial risk management objectives and policies are set out in Note 13 of the consolidated financial statements.

The Directors, having made appropriate enquiries, consider that MVT has adequate resources to continue in its operational business for the foreseeable future and have therefore continued to adopt the going-concern basis in preparing the financial statements.

Litigation

There is no litigation outstanding as at 30 June 2022 (2021: nil)

Events Subsequent to the Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

The Company will continue to selectively invest in cash, term deposits, unlisted and listed securities and debt instruments that the Manager considers offer the prospect for attractive risk-adjusted returns.

Directors' Report (continued)

Review of operations (continued)

Corporate Governance Statement

MVT's Corporate Governance Statement is available under the Governance section of the Company's website at www.sandoncapital.com.au

Environmental Compliance

The operations of MVT are not subject to any particular environmental regulations under a Commonwealth, State or Territory law.

Directors
Information regarding the Directors of the Company:

Mr Gabriel Radzyminski - *BA (Hons), MCom*
Non-Executive Chairman
Gabriel is the founder and Managing Director of Sandon Capital Pty Limited, a boutique investment management and advisory firm. He is the portfolio manager of funds managed by Sandon Capital Pty Limited. Gabriel is Chairman of Sandon Capital Investments Limited and is a non-executive director of Future Generation Investment Company Limited.

Mr Peter Velez - *LLB MA MSc*
Independent Non-Executive Director
Peter is a corporate lawyer specialising in equity capital markets, mergers and acquisitions and funds management. Peter has also advised extensively on activist corporate activity, ASX compliance and corporate governance. Peter has been a practising lawyer since 1989 having worked at then national firm Freehill Hollingdale and Page, Sydney boutique corporate firm Watson Mangioni from 1995 to 2016 and since 2016 with OB Law. He played a key role in the development of externally-managed listed investment companies (LIC) having been involved in the IPO of over 25 LICs.

Ms Melinda Snowden- *BEc, LLB, GAICD, FFin*
Independent Non-Executive Director
Melinda Snowden is a professional company director and experienced audit and risk committee member across a range of sectors. Melinda brings to the board a deep understanding of investment markets, governance disciplines and strategic insight.

Melinda's other current directorships include WAM Leaders Limited, Megaport Limited and Best and Less Group Holdings Limited. She is a former director of Mercer Investments (Australia) Limited, Kennards Self Storage Pty Ltd, MLC Limited, Vita Group Limited and SANE Australia.

Prior to leaving her executive career in 2010, Melinda was a corporate advisor for over 15 years with firms Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York.

Ms Jacqueline Sullivan
Independent Non-Executive Director
Jacqueline is an experienced fund management executive, having gained experience in senior executive roles at AMP Capital, both Australia and overseas. Her executive experience culminated with 7 years as Managing Director, Global Distribution for AMP Capital. Since then, Jacqeline has engaged in advisory work as well as being a non-executive director of WAM Microcap Ltd (ASX: WMI).

Directors' Report (continued)

Directors (continued)

Company Secretary

Mr Mark Licciardo - *B Bus (Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)*

Mark Licciardo is Managing Director of Acclime Australia (Formerly Mertons Corporate Services Pty Ltd) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, iCar Asia Limited and Mobilicom as well as several other public and private companies.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the financial year were:

	Directors' Meetings	
	Number of Eligible Meetings to Attend	Number Attended
Mr Gabriel Radzyminski	4	4
Ms Melinda Snowden	3	3
Mr Peter Velez	4	4
Ms Jacqueline Sullivan	3	3

Directors' Interests

The relevant interest of each Director in the share capital of MVT, as notified to the Australian Securities Exchange in accordance with section 205G of the *Corporations Act 2001,* at the date of this report is as follows:

	No. of Ordinary Shares Held at 30 June 2022
Mr Gabriel Radzyminski	-
Mr Peter Velez	-
Ms Jacqueline Sullivan	-

Directors' Report (continued)

Directors (continued)

Remuneration Report

Scope of Report
This Remuneration Report considers the key management personnel (KMP) of MVT. The current KMP of the Company are two Non-Executive Directors and Non-executive Chairman. The Company Secretary are remunerated under a service agreement with Mertons Corporate Services Pty Ltd, now part of Acclime Australia. Non-Executive Director remuneration is not linked to the company's performance.

KMP included in this report:
Non-executive Directors
Peter Velez
Melinda Snowden
Jacqueline Sullivan

Non-executive Chairman
Gabriel Radzyminski

Remuneration Governance
There have been no fees payable to Directors.

Elements of Remuneration

The Directors are the only people considered to be key management personnel of the company.

There have been no fees paid or payable to Directors for the financial year ending 30 June 2022.

The Board has not issued any shares or options to Directors for the financial year ending 30 June 2022.

There are no fixed term employment contracts between the Company and its KMP. Employment maybe terminated with four weeks' notice by either the Company or the employee. There are no provisions for any termination payment other than for unpaid annual leave and long service leave.

Remuneration expenses for KMP

There have been no fees paid or payable to Directors for the financial year ending 30 June 2022.

	Cash & Salary	Short Term Bonus	Post Employment Benefits	Share based payments	Total
30 June 2022	**$**	**$**	**$**	**$**	**$**
Directors					
Mr Gabriel Radzyminski	-	-	-	-	-
Ms Melinda Snowden	-	-	-	-	-
Mr Peter Velez	-	-	-	-	-
Ms Jacqueline Sullivan					
	-	**-**	**-**	**-**	**-**
30 June 2021	**$**	**$**	**$**	**$**	**$**
Directors					
Mr Gabriel Radzyminski	-	-	-	-	-
Ms Melinda Snowden	-	-	-	-	-
Mr Peter Velez	-	-	-	-	-
	$	**$**	**$**	**$**	**$**

Directors' Report (continued)

Remuneration Report (continued)

Other Statutory Information

There have been no shares or options held by Directors of the Company, including their personally related parties for the financial years ending 30 June 2022 and 30 June 2021.

Loans to KMP
No loans have been made to the Directors of MVT.

Other transactions with KMP:	**2022** $	**2021** $
Sandon Capital Pty Ltd is an entity associated with Mr Gabriel Radzyminski. Sandon Capital Pty Ltd provided investment management and accounting services to the Company, however, investment management fees are waived. All dealings are conducted at arm's length on normal commercial terms. The following amount was paid to Sandon Capital Pty Ltd for accounting services.	186,175	188,175
An entity associated with Mr Gabriel Radzyminski subscribed for 250 MVTHA notes ($25,000) during the 2017 financial year. Interest paid on these notes at 30 June 2022 was $1,222 (2021: $2,000)	1,222	2,000

This is the end of the Remuneration Report

Directors' Report (continued)

Indemnifying Officers

The Parent Company's constitution provides for an indemnity of Directors, Secretaries and Executive Officers (as defined in *the Corporations Act 2001*) where liability is incurred in the performance of their duties in those roles, other than conduct involving a wilful breach of duty in relation to the Company. The Constitution further provides for an indemnity in respect of any costs and expenses incurred in defending proceedings in which judgement is given in their favour, they are acquitted, or the Court grants them relief under *the Corporations Act 2001*.

Auditor Indemnification

No indemnities have been given or insurance premiums paid during or since the end of the financial year in respect of any person who is or has been an auditor of the Parent Company or its controlled entities.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of MVT or intervene in any proceedings to which MVT is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. MVT was not a party to any such proceedings during the year.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 25 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by *the Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 25 to the financial statements do not compromise the external auditor's independence requirements of *the Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 is set out on page 11.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, and in accordance with that legislative instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest dollar, unless otherwise stated.

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

Gabriel Radzyminski
Non-Executive Chairman

25 August 2022

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Mercantile Investment Company Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Mercantile Investment Company Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 25 August 2022

www.grantthornton.com.au
ACN-130 913 594

Mercantile Investment Company Limited
And Controlled Entities
ABN 15 121 415 576

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2022

	Note	2022	2021
Income		**$**	**$**
Revenue from continuing operations	8	4,104,985	3,392,964
Other (Loss)/Income	9	(6,207,236)	12,779,326
		(2,102,251)	16,172,290
Expenses			
Accounting fees		(186,175)	(188,175)
Audit fees	24	(237,527)	(160,652)
Taxation service fees		(372,693)	(444,189)
Finance costs	10	(1,552,349)	(2,072,097)
Company secretary fees		(25,814)	(32,533)
Share registry fees		(55,448)	(32,886)
Brokerage		(6,393)	(10,999)
Impairment charges	10	(1,668,710)	(1,507,709)
Legal and professional fees		(237,907)	(157,860)
ASIC and ASX charges		(45,095)	(51,586)
Employee benefit expenses	10	(814,149)	(489,843)
Insurance		(38,116)	(35,120)
Other operating costs	26	(492,532)	(215,039)
		(5,732,908)	(5,398,688)
(Loss)/Profit Before Income Tax		(7,835,159)	10,773,602
Income tax benefit/(expense)	11	2,492,010	(1,905,994)
(Loss)/Profit for the period		(5,343,149)	8,867,608
(Loss)/Profit Attributable to:			
Members of the parent entity		(5,240,844)	8,938,632
Non-controlling interest		(102,305)	(71,024)
		(5,343,149)	8,867,608
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Movement in fair value of long term equity investments, net of tax		(1,471,315)	5,348,547
Total other comprehensive income		(1,471,315)	5,348,547
Total Comprehensive (Loss)/income for the year		(6,814,464)	14,216,155
Total Comprehensive (Loss)/income attributable to:			
Members of the Parent Entity		(6,712,159)	14,287,179
Non-Controlling Interest		(102,305)	(71,024)
		(6,814,464)	14,216,155
(Loss)/Earnings per Share		**Cents**	**Cents**
- Basic (Loss)/earnings per share	25	(1.87)	3.18
- Diluted (Loss)/earnings per share	25	(1.87)	3.18

The above statement should be read in conjunction with the accompanying notes.

Mercantile Investment Company Limited
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Consolidated Statement of Financial Position
As at 30 June 2022

	Note	2022	2021
Assets		**$**	**$**
Current Assets			
Cash and cash equivalents	7	4,431,687	20,883,256
Trade and other receivables	18	232,914	105,386
Net loans and advances	15	3,146,000	3,146,000
Financial assets at fair value through profit or loss	14	26,119,395	35,353,538
Loan to parent entity	22	31,033,637	24,767,467
Intercompany tax receivable from parent		929,598	181,464
Other current assets		23,107	88,495
Current tax receivable		-	2,894
Total Current Assets		65,916,338	84,528,500
Non-Current Assets			
Financial assets at fair value through other comprehensive income	14	21,499,330	22,377,184
Property, plant & equipment		82,173	102,934
Right-of-use assets	23	191,980	379,283
Deferred tax assets	12	954,998	127,771
Total Non-Current Assets		22,728,481	22,987,172
Total Assets		**88,644,819**	**107,515,672**
Liabilities			
Current Liabilities			
Trade and other payables	19	2,011,145	4,066,833
Unsecured notes	16	-	8,250,900
Lease liability	20	147,262	181,051
Current tax liability		129,203	-
Total Current Liabilities		2,287,610	12,498,784
Non-Current Liabilities			
Unsecured notes	16	28,601,736	14,057,800
Unissued unsecured notes	16	-	14,440,921
Lease liability	20	63,426	200,329
Deferred tax liabilities	12	216,352	1,932,628
Total Non-Current Liabilities		28,881,514	30,631,678
Total Liabilities		**31,169,124**	**43,130,462**
Net Assets		**57,475,695**	**64,385,210**
Equity			
Issued capital	5	28,834,628	28,834,628
Accumulated losses		(15,489,573)	(10,248,729)
Reserves	4	43,397,388	44,963,754
Members' interests		56,742,443	63,549,653
Non-controlling interest		733,252	835,557
Total Equity		**57,475,695**	**64,385,210**

The above statement should be read in conjunction with the accompanying notes.

Mercantile Investment Company Limited
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Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Notes	Issued Share Capital - Ordinary $	Accumulated Losses $	Reserves $	Non-Controlling Interests $	Total Equity $
Balance at 1 July 2020		**28,834,628**	**(19,097,154)**	**39,619,831**	**906,581**	**50,263,886**
Profit for the year			8,938,632		(71,024)	8,867,608
Other comprehensive income for the year		-	-	5,348,547	-	5,348,547
Total comprehensive income for the year		-	8,938,632	5,348,547	(71,024)	14,216,155
Transactions with Owners:						
Foreign Currency Translation Reserve		-	-	(4,624)	-	(4,624)
Change in proportion of NCI		-	(90,207)	-	-	(90,207)
Share options issued		-	-	-	-	-
Balance at 30 June 2021		**28,834,628**	**(10,248,729)**	**44,963,754**	**835,557**	**64,385,210**
Profit for the Year		-	(5,240,844)	-	(102,305)	(5,343,149)
Other comprehensive income for the year:			-	(1,471,315)	-	(1,471,315)
Total comprehensive income for the year		-	(5,240,844)	(1,471,315)	(102,305)	(6,814,464)
Transactions with Owners:						
Foreign Currency Translation Reserve	4	-	-	(95,051)	-	(95,051)
Change in proportion of NCI		-	-	-	-	-
Balance at 30 June 2022		**28,834,628**	**(15,489,573)**	**43,397,388**	**733,252**	**57,475,695**

The above statement should be read in conjunction with the accompanying notes.

Mercantile Investment Company Limited
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Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash Flows from Operating Activities			
Dividends, distributions and other investment income received		3,335,291	1,916,982
Other payments in the course of ordinary operations		(4,256,373)	(1,461,233)
Proceeds from sale of trading securities		1,555,136	1,521,890
Payments for trading securities		(141,935)	(280,000)
Interest received		298,452	77,415
Loan repayments received		-	-
Income tax paid		(340,711)	-
Net Cash provided by Operating Activities	7	449,860	1,775,054
Cash Flows from Investing Activities			
Proceeds from disposal of financial assets		-	3,083,900
Payments for financial assets		(1,820,365)	(466,463)
Proceeds from return of capital		896,677	6,837,178
Payment for property plant and equipment		(37,712)	-
Loan to parent entity		(6,266,170)	(9,437,467)
Net Cash (used in)/ provided by Investing Activities		(7,227,570)	17,148
Cash Flows from Financing Activities			
Interest payments on MVT Notes		(1,335,318)	(1,783,738)
Repayment to MVT Notes		(8,250,900)	-
Repayment of loan		-	-
Rental lease payments		(170,692)	-
Interest paid		-	-
Proceeds from unissued notes	16	-	15,000,000
Net Cash (used in)/ provided by Financing Activities		(9,756,910)	13,216,262
Net (Decrease)/ Increase in Cash and Cash Equivalents held		(16,534,620)	15,008,464
Effects of exchange rate changes on cash and cash equivalents		83,051	835,308
Cash and cash equivalents at the beginning of financial year		20,883,256	5,039,484
Cash and Cash Equivalents at End of Financial Year	7	**4,431,687**	**20,883,256**

The above statement should be read in conjunction with the accompanying notes.

Basis of preparation

This financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a for profit basis;
- is presented in Australian dollars with all values rounded to the nearest dollar, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- has been prepared on an accruals basis and are based on the historical cost basis except as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss or through other comprehensive income;
- where Parent Company information is disclosed, relevant accounting policies are described when different to the Company's accounting policies and
- was authorised for issue with a resolution of the Board of Directors on 25 August 2021.

a) New, revised or amending Accounting Standards and Interpretations adopted

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the Company.

New accounting standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

b) New and amended standards not adopted:

There are no other new accounting standards and interpretations that are available for early adoption at 30 June 2022, which will result in any material change in relation to the financial statements of Mercantile Investment Company Limited.

c) Controlled Entities (Subsidiaries)

The consolidated financial statements of the Group incorporate the financial statements of Mercantile Investment Company Limited and its subsidiaries. A table is set out below on page 21, listing these subsidiaries.

Subsidiaries are all entities over which MVT has control. MVT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

AKF being a subsidiary of MVT de-listed from the ASX on 11 October 2018. The Directors consider it appropriate to prepare the financial report for the year ended 30 June 2022 on a non-going concern basis given the orderly run-off and closure of AKF's loan books.

Any adjustments required to align AKF (whose accounts are not prepared on a going concern basis) into the consolidated Group which has been prepared on a going concern basis have been assessed and have been deemed immaterial.

Basis of preparation (continued)
c) Controlled Entities (Subsidiaries) (continued)

RMA is a reporting entity that has a 12 month financial reporting period ending 31 December 2021. In order to align with the consolidated Group's reporting period, RMA financials for the 12 months ending 30 June 2022 have been brought to account for this financial report.

Otherwise, the financial statements of all other subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

d) Foreign currency translations and balances

Transactions and Balances
Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Parent Company	**Country of Incorporation**	**Percentage June 2022**	**Percentage June 2021**
Mercantile Investment Company Limited	Australia	100	100
Controlled Entities of Mercantile Investment Company Limited			
Ask Funding Limited	Australia	72	72
ATL Exploration Pty Ltd	Australia	100	100
IPE Limited	Australia	100	100
Jack Hills Holdings Pty Ltd	Australia	100	100
Mercantile ADF Pty Ltd	Australia	100	100
Mercantile IAH Pty Ltd	Australia	100	100
Mercantile IAM Pty Ltd	Australia	100	100
Mercantile NZ Limited	New Zealand	100	100
Mercantile OFM Pty Ltd	Australia	100	100
MMX Investments Pty Ltd	Australia	100	100
MMX Port Holdings Pty Ltd	Australia	100	100
MMX Rail Holdings Pty Ltd	Australia	100	100
Murchison Metals Ltd	Australia	100	100
Richfield International Ltd	Australia	100	100
Richfield Marine Agencies (S) Pte Ltd	Singapore	100	100
Weld Range Mining Pty Ltd	Australia	100	100
Wellington Merchants Ltd	New Zealand	100	100

Percentage of voting power is in proportion to ownership.

The principal place of business for all entities is Level 5, 139 Macquarie Street Sydney NSW 2000, other than those entities operating overseas.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

Other accounting policies
Significant and other accounting policies relevant to gaining an understanding of the financial statements have been grouped with the relevant notes to the financial statements.

Key judgements and estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes below.

Note reference	**Critical accounting estimates and judgements**	**Page**
Note 12	Deferred Tax Assets and Deferred Tax Liabilities	31
Note 14	Fair Value Estimation	42
Note 15	Net Loans and Advances	45
Note 18	Trade and Other Receivables	48

Impairment of assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value, less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Deferred Tax
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Note 1: Parent Company Financial Information

Accounting Policy:
The statement of financial position, profit after tax and total comprehensive income for the Parent company, have been prepared on the same basis as the consolidated financial statements except for investments in controlled entities (subsidiaries) and investments in associates.

In the Parent Company, investments in subsidiaries and associates are carried at the lower of cost or impaired cost. Dividends from these entities are recognised as income within profit.

The consolidated financial statements recognises the individual assets, liabilities, income and expenses of the controlled entities.

a) Interest bearing liabilities

In the previous financial year, noteholders of the MVTHA 8% Unsecured Notes voted to restructure the notes. The changes included reducing the interest rate (from 8% p.a. to 4.8% p.a.) and extending the maturity to 10 July 2026. Noteholders were also offered the opportunity to redeem their notes. Notes totalling $8,250,900 were redeemed on 10 July 2021. Following the redemption of existing Notes and the issue of new 150,000 Notes as of 11 July 2021, there are 290,578 Note on issue with an interest rate of 4.8% per annum. The Notes mature on 10 July 2026.

b) Contingent liabilities

The Parent Company did not have any contingent liabilities as at 30 June 2022 (2021: Nil). Refer Note 17.

c) Contractual commitments

The Parent Company has entered into an investment management agreement with Sandon Capital Pty Ltd as at 30 June 2022, however, all investment fees payable are waived. Refer to the Directors’ Report for more detail.

	2022 $	2021 $
(Loss)/Profit of the parent company		
(Loss)/Profit for the year	(7,836,618)	10,038,185
Total comprehensive (loss)/income for the year	(7,937,465)	10,702,579
Financial position of the parent company as at 30 June		
Current assets	53,786,165	71,871,125
Non-current assets	59,899,216	66,047,026
Current liabilities	(19,700,332)	(34,652,571)
Non-current liabilities	(29,167,921)	(31,743,051)
Net assets	64,817,128	71,522,529
Total equity of the parent company comprising of		
Issued capital	28,834,389	28,834,389
Capital profits reserves	32,528,353	32,772,406
Asset revaluation reserve	2,964,906	4,192,169
Accumulated (loss)/retained profits	489,480	5,723,565
Share based payment reserve	-	-
Total equity attributable to shareholders of the parent company	64,817,128	71,522,529

Note 2: Payment of Dividends to Shareholders

The Group has not declared a dividend for the 2022 financial year (2021: nil).

	2022 $	2021 $
The amount of franking credits available to shareholders for the subsequent financial year, adjusted for franking credits that will arise from the payment of the current tax liability years based on Australian company tax rate of 25.0% (2021: 26.0%).	314,388	296,285
Franking dividend transferred to ultimate parent company being Sandon Capital Investments Limited	(314,388)	(296,285)
Franking credits	**-**	**-**

Note 3: Segment Information

The Parent Company invests in a diverse range of companies.

The Parent Company and its subsidiaries operate within three segments:

a) Securities
The Group invests in cash, term deposits and equity investments.

b) Consumer Finance
AKF previously engaged in pre-settlement and disbursement lending. AKF has been in a run-off since 2011.

c) Shipping Services
Richfield International Ltd (RIS), through its Singapore based subsidiary RMA, is involved in the provision of port and shipping services for ocean-going vessels.

Geographic Segments
The Group operates in two geographic areas being Singapore and Australia.

Note 3: Segment Information (continued)

Consolidated – 2022	**Securities**	**Consumer Finance**	**Shipping Services**	**Total**
	$	**$**	**$**	**$**
Income	(5,301,141)	1,657,618	1,541,272	(2,102,251)
Expenses	(2,599,280)	(2,019,630)	(1,113,998)	(5,732,908)
Income before tax	(7,900,421)	(362,012)	427,274	(7,835,159)
(Loss)/profit after tax	(5,388,611)	(362,012)	407,474	(5,343,149)
Material items include:				
Impairment of loans	-	(1,668,710)	-	(1,688,710)
Assets				
Segment assets	78,679,623	3,172,457	4,377,968	86,230,048
Trade and other receivables	-	-	-	232,914
Other current assets	-	-	-	23,108
Right-of-use assets	-	-	-	191,980
Property, plant & equipment	-	-	-	82,173
Deferred tax assets	-	-	-	954,998
Current tax benefit	-	-	-	-
Intercompany tax asset with Parent Company	-	-	-	929,598
				88,644,819
Liabilities				
Segment liabilities	(28,601,736)	-	(557,406)	(29,159,142)
Trade and other payables	-	-	-	(1,453,739)
Current tax liability	-	-	-	(129,203)
Lease liability	-	-	-	(210,688)
Deferred tax liabilities	-	-	-	(216,352)
				(31,169,124)

Note 3: Segment Information (continued)

Consolidated – 2021	**Securities**	**Consumer Finance**	**Shipping Services**	**Total**
	$	**$**	**$**	**$**
Income	13,973,610	1,581,453	617,227	16,172,290
Expenses	(2,964,123)	(1,832,775)	(601,789)	(5,398,687)
Income before tax	11,009,486	(251,322)	15,438	(10,773,602)
Profit after tax	9,108,922	(251,322)	10,007	8,867,607
Material items include:				
Impairment of loans	-	(1,507,709)	-	(1,507,709)
Assets				
Segment assets	97,714,715	3,146,240	5,666,490	106,527,445
Trade and other receivables	-	-	-	105,386
Other current assets	-	-	-	88,495
Right-of-use assets	-	-	-	379,283
Property, plant & equipment	-	-	-	102,934
Deferred tax assets	-	-	-	127,771
Current tax benefit	-	-	-	2,894
Intercompany tax asset with Parent Company	-	-	-	181,464
				107,515,672
Liabilities				
Segment liabilities	(36,749,621)	-	(2,041,910)	(38,791,531)
Trade and other payables	-	-	-	(2,024,924)
Lease liability		-	-	(381,380)
Deferred tax liabilities	-	-	-	(1,932,628)
				(43,130,463)

Note 3: Segment Information (continued)

Consolidated - 2022	**Australia $**	**Singapore $**	**Total $**
Income	(3,643,523)	1,541,272	(2,102,251)
Non-current assets	21,625,346	274,153	21,899,499
Consolidated - 2021			
Income	15,555,063	617,227	16,172,290
Non-current assets	22,499,455	487,717	22,987,172

Note 4: Reserves

Accounting Policy:
Certain changes in the value of assets and liabilities are not recognised in the profit or loss but are instead included in other comprehensive income.

	Note	**2022 $**	**2021 $**
a) Reserves			
Profit Reserve		40,089,009	40,333,062
Asset revaluation reserve		2,633,399	3,860,661
Foreign currency translation reserve		674,980	770,031
Share based payment reserve	21	-	-
		43,397,388	44,963,754
b) Major movements in reserves consist of:			
Profit reserve			
Balance 1 July		40,333,062	37,024,363
Revaluation of pre-existing investment in controlled entity		-	-
Realised (loss)/gains on sale of long-term equity investments		(244,053)	3,308,699
Transfer to profit reserve		-	-
Balance 30 June		40,089,009	40,333,062
Asset Revaluation Reserve			
Balance 1 July		3,860,661	1,820,813
Movement in fair value of long-term equity investments, net of tax		(1,471,315)	5,348,547
Realised loss/(gain) on sale of long-term equity investments		244,053	(3,308,699)
Balance 30 June		2,633,399	3,860,661

Note 4: Reserves (continued)

	2022	2021
	$	$
Foreign currency translation reserve		
Balance 1 July	770,031	774,655
Foreign exchange movement	(95,051)	(4,624)
Balance 30 June	674,980	770,031

c) Nature and purpose of reserves

Profit reserve
This reserve represents amounts allocated from retained profits (accumulated losses) and capital profits and losses transferred from the asset revaluation reserve on disposal of long-term investments.

Asset revaluation reserve
This reserve represents changes in the fair value of certain assets including long term equity investments which are not recognised in the income statement.

Foreign currency translation reserve
The foreign currency translation reserve records the foreign currency differences which arise from the translation of self-sustaining foreign operations and foreign exchange movements.

Note 5: Share Capital and Capital Management

Accounting Policy:
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds. The amounts of any capital returns are applied against share capital.

	2022	2021
	$	$
280,700,000 (2020: 280,700,000) fully paid ordinary shares	28,834,628	28,834,628

Ordinary Shares	**2021**	**2020**	**2021**	**2020**
	No.	**No.**	**$**	**$**
At the beginning of reporting period	280,700,000	280,700,000	28,834,628	28,834,628
Movement in Shares on Issue:				
Shares issued on options exercised	-	-	-	-
Capital raising costs, net of tax	-	-	-	-
Closing Balance at Reporting Date - 30 June	280,700,000	280,700,000	28,834,628	28,834,628

Note 5: Share Capital and Capital Management (continued)

Options
No options were issued to any Directors for this financial year ending 30 June 2022.

Capital Management
The Board manages the capital of the Group in order to provide shareholders with returns through capital growth in the medium to long term and ensure that the Company can fund its operations and continue as a going concern. The Company does not have any externally imposed capital requirements.

Note 6: Events Subsequent to the Reporting Date

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 7: Cash and Cash Equivalents

Accounting Policy:
Cash and cash equivalents include cash on hand, cash at bank, and deposits held with financial institutions for which there is a short-term identified use in the operating cash flows of the Group. Bank overdrafts, should they occur, are shown within borrowings in current liabilities in the statement of financial position.
Included in cash and cash equivalents held by the Group is an escrow trust account totalling $993,861 (2020: $524,870). These are advance monies for freight and surcharges collected on behalf of the various clients of RMA.

	2022	2021
	$	$
Cash at bank and in hand	4,431,687	20,883,256
	4,431,687	20,883,256

	2022	2021
		$
(Loss)/Profit after income tax	(5,343,149)	8,867,608
Non-Cash Flows in Profit or Loss:		
- Fair value gain on revaluation of trading equities	9,234,143	(4,688,709)
- Loss on acquisition of a controlled entity	-	-
- Depreciation	245,776	40,542
- Impairment	1,668,710	1,507,709
- Amortisation of MVT notes	114,016	288,360
- Interest income	(1,648,550)	(1,562,346)
- Interest and fees received	(22,210)	(22,210)
- Interest expense on MVT notes	1,335,318	1,783,737
- Other Non-Cash Items	143,174	280,215
Changes in assets and liabilities:		
- (Increase)/Decrease in Trade and Other Receivables	(127,528)	355,455
- (Increase)/Decrease in Deferred Tax Assets	(827,227)	811,791
- (Increase) in tax receivable from parent	(748,134)	-
- Decrease/(Increase) in Other Assets	68,282	(14,133)
- (Decrease)/ Increase in Trade Payables and Accruals	(2,055,688)	1,645,417
- Decrease in income tax liability	129,203	-
- (Increase) /Decrease in Deferred Tax Liabilities	(1,716,276)	1,876,523
Net cash provided in Operating Activities	449,860	1,775,054

Note 8: Revenue from Continuing Operations

Accounting Policy:
Interest income is recognised on a time proportion basis using the effective interest method. Dividend income is taken into revenue when the right to receive payment is established.
Shipping services (agency fees and commission income) are recognised when the right to receive payment is established. Revenue from freight forwarding is recognised upon shipment. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

	2022	2021
From Continuing Operating Activities	**$**	**$**
Dividends received	1,429,265	1,088,294
Trust Distributions Received	-	71,204
Interest income	1,648,551	1,563,529
Return of Capital	-	22,164
Total Revenue	3,077,816	2,745,191
Shipping Services income	1,027,169	647,773
	4,104,985	**3,392,964**

	2022	2021
Dividends Received	**$**	**$**
Financial assets through other comprehensive income:		
- Investments held in portfolio at 30 June	199,187	187,021
- Investments sold during the year	-	-
Financial assets through profit and loss	1,230,078	901,273
	1,429,265	**1,088,294**

Note 9: Other Income

Accounting Policy:
Other income represents gains or losses made on:
•changes in fair value for financial assets at fair value through profit and loss.
•realised gains on disposal

	2022	2021
	$	**$**
Realised (losses)/ gains on trading equities fair valued through profit and loss	(3,723,602)	(173,650)
Unrealised losses on trading equities fair valued through profit and loss	(3,788,471)	12,941,427
Foreign exchange movement	134,549	(134,321)
Sundry income	1,170,288	145,870
Total other income	**(6,207,236)**	**12,779,326**

Note 10: Expenses

Accounting Policy:

Impairment of non-financial assets

Impairment charges are non-cash expenses and are recognised when the carrying value of an asset or group of assets is no longer recoverable either through the use or sale of the asset. Recoverable value assessment for each asset class is discussed within the notes for each asset.

An impairment expense recognised on goodwill or a long-term equity investment is permanent and is prohibited from being reversed.

Employee benefits expense

Employee benefits expense includes the payment of salary and wages (including the value of non-cash benefits such as share-based payments), sick leave and accruals for annual leave and long service leave.

	2022	2021
	$	$
Profit before income tax expenses includes the following specific expenses:		
Impairment charges		
Loans and advances	1,668,710	1,507,709
	1,668,710	1,507,709
Parent Company employee benefits expenses		
Directors' fees	-	-
Bonus expense	-	-
Superannuation expenses	-	-
	-	-
Subsidiary employee benefits expenses		
Directors' fees	539,904	232,983
Superannuation expenses	73,129	153,081
Wages and salaries	201,116	103,779
	814,149	489,843
Total employee benefit expenses	814,149	489,843
Finance Costs		
MVT note interest	1,438,334	1,783,737
MVT note expense amortisation	114,017	288,360
	1,552,351	2,072,097

Note 11: Income Tax

The income tax expense or benefit for the period represents the tax payable on the current period's taxable income based on the Australian corporate income tax rate 25% (2021: 26%) adjusted for changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Tax consolidation legislation

Wholly owned Australian entities within the Group have formed tax consolidated group under the tax consolidation regime. The Australian Tax Office has been notified of these decisions.

Controlled entities within the relevant tax consolidated groups, continue to be responsible under tax funding agreements, for funding their share of tax payments that are required to be made by the head entity in their tax consolidation group. These tax amounts are measured as if each entity within the tax consolidated group, continues to be a stand-alone tax payer in their own right.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

On the 3rd of the December 2019, MVT and all its subsidiaries became part of the tax consolidated group of SNC under the tax consolidated regime. The tax agreement is effective from the 3rd of December 2019 for the income year ending 30 June 2020 and future years. The Australian Taxation Office has been notified of this decision. As a result of tax consolidation, adjustments were required for the reset of tax bases of assets of the subsidiaries.

Controlled entities within the relevant tax consolidated group continue to be responsible under the Company's tax funding agreement for funding their share of tax payments that are required to be made by the Company. These tax amounts are measured as if each entity within the tax consolidated group continues to be a stand-alone tax payer in their own right.

	2022	2021
	$	$
(a) Income tax expense / (benefit) recognised in profit or loss		
- Current tax movement	(2,267,059)	614,450
- Deferred tax movement	204,329	1,291,544
- Prior year over/under provision	(429,280)	-
	(2,492,010)	1,905,994

Note 11: Income Tax (continued)

	2022	2021
	$	$
(b) The prima facie tax on profit from ordinary activities before income tax is as follows:		
Profit / (Loss) before income tax	(7,835,159)	10,773,602
Prima facie tax payable on profit/ (loss) before income tax at 25% (2021: 26%)	(1,958,790)	2,801,137
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
- Imputation credit gross up	78,597	77,100
- Franking credits received	(314,388)	(296,540)
- Non-deductible/ non-assessable items	65,263	(484,408)
- Prior year over/ under provision	(429,280)	-
- Prior year losses utilised not previously recognised	-	(192,643)
- Differences in overseas tax rates and other adjustments	66,588	1,348
	(2,492,010)	1,905,994

*The corporate tax rates are 25%, 28% and 17% for Australian, New Zealand and Singapore derived income, respectively (2021: 26%, 28% and 17%).

Note 12: Deferred Tax Assets and Deferred Tax Liabilities

Accounting Policy:
Deferred tax assets and liabilities are calculated on the differences (temporary differences) between the carrying amount of assets and liabilities as recognised in the consolidated financial statements and their tax cost base multiplied by the tax rate expected to apply when these assets are recovered, or liabilities are settled. The current Australian corporate tax rate for MVT is 25% (2021: 26%).

Deferred tax assets or liabilities are provided in full, using the liability method. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 12: Deferred Tax Assets and Deferred Tax Liabilities (continued)

Accounting Policy (continued):

In finalising the 30 June 2021 Income Tax Return, the company elected to crystalize certain deferred tax liabilities, which has resulted in the liability being transferred to the Sandon Capital Investments Limited in accordance with the tax sharing arrangements under the tax consolidation regime.

During the year the head of the tax consolidated group applied for a Private Binding Ruling to the Commissioner of Taxation, Australian Tax Office (ATO) regarding tax deferred distributions and capital returns. As a result of the favourable outcome, the entity has amended certain tax elections in the period resulting in changes to the deferred tax assets and liabilities.

2022

	Opening Balance	Closing Balance
	$	$
Deferred Tax Assets		
Capitalised share issue costs	41,208	19,242
Unrealised FX Loss	-	40,834
Financial assets at fair value through other comprehensive income	-	828,982
Accrued expense movements	86,563	65,940
Balance as at 30 June 2022	127,771	954,998

	Opening Balance	Closing Balance
	$	$
Deferred Tax Liability		
Accrued income movements	-	205,556
Financial assts at fair value through profit or loss (trading assets)	1,022,468	-
Financial assts at fair value through other comprehensive income	899,892	-
Other	10,268	10,796
Balance as at 30 June 2022	1,932,628	216,352

Note 12: Deferred Tax Assets and Deferred Tax Liabilities (continued)

2021

	Opening Balance	Closing Balance
	$	$
Deferred Tax Assets		
Capitalised share issue costs	73,646	41,208
Expensed borrowing costs	920	-
Accrued expense movements	124,260	86,563
Balance as at 30 June 2021	198,826	127,771

	Opening Balance	Closing Balance
	$	$
Deferred Tax Liability		
Accrued income movements	1,331	-
Financial assts at fair value through profit or loss (trading assets)	(241,846)	1,022,468
Financial assts at fair value through other comprehensive income	(499,151)	899,892
Other	10,903	10,268
Balance as at 30 June 2021	(728,763)	1,932,628

Note 13: Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, price risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year. The Group's financial assets and liabilities are carried at amounts that are approximate to their fair value. Fair values are those amounts that an asset could be exchanges, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Initial Recognition and Measurement

The consolidated entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial assets to another party without retaining control or substantially all risks and rewards of the assets. Any interest in transferred financial assets that is created or retained by the consolidated entity is recognised as a separate asset or liability.
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Financial Assets Through Profit or Loss (FVTPL)

Financial assets are classified at FVTPL when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

A financial asset is held for trading if:
• it has been acquired principally for the purpose of selling it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking;

Financial Assets Through Other Comprehensive Income (FVTOCI)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the asset revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to reserves. The Group has designated all investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Debt instruments classified as at fair value at amortised cost

Notes held by the Group are classified as at fair value at amortised cost. The notes are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these notes as a result of foreign exchange gains and losses, impairment losses and interest expense are recognised in profit or loss.

All other changes in the carrying amount of these redeemable notes are recognised in other comprehensive income.
When these notes are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Note 13: Financial Risk Management (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	Note	2022 $	2021 $
The Group holds the following financial instruments:			
Financial assets at amortised cost			
Cash and cash equivalents	7	4,431,687	20,883,256
Trade and other receivables	18	232,914	105,386
Loans and advances	15	3,146,000	3,146,000
Loan to parent entity	22	31,033,637	35,353,538
Financial assets at fair value through profit and loss			
Trading equities	14	26,119,395	35,353,538
Financial assets at fair value through other comprehensive income			
Long term equity investments	14	21,499,330	22,377,184
Total financial assets		86,462,963	117,218,902
Financial liabilities at amortised cost			
Trade and other payables	19	2,011,145	4,066,834
Unsecured notes	16	28,601,736	22,308,700
Unissued unsecured notes	16	-	14,440,721
Total financial liabilities		30,612,881	40,816,455

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value of future cash flows of the Group's financial instruments.

By its nature, as a listed investment company that invests in tradeable securities, the Group will always be subject to market risk as it invests its capital in securities whose market prices may fluctuate.

The Group is exposed to share price risk through its investment holdings on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE).

The market risk is inherent and can be partially managed by the skill of the manager. Further, the Manager tends to invest in a concentrated portfolio of securities, this offers some diversification benefits but may not be as diverse as a broad market exposure.

Note 13: Financial Risk Management (continued)

a) Market Risk (continued)

i) Foreign exchange risk

As at 30 June 2022, the Group is exposed to fluctuations in the British Pound (GBP), the New Zealand Dollar (NZD), the Singaporean Dollar (SGD) and the United States Dollar (USD) exchange rates arising from the Company's international investments and trade and other receivables.

The Company has the ability to hedge foreign exchange exposure. During the financial year 2022 the Company foreign exchange exposure was not hedged.

The Group's exposure to foreign currency risk at the reporting date was as follows:

Foreign exchange risk

	2022 AUD$	2021 AUD$
Financial Assets		
Cash and Cash equivalent		
United States Dollar	2,294,714	3,273,424
Singapore Dollar	2,053,258	2,379,690
New Zealand Dollar	4,145	936
	4,352,117	5,654,050
Trade and other receivables		
Singapore Dollar	77,516	66,331
New Zealand Dollar	-	-
	77,516	66,331
Trading equities		
British Pound	11,893,843	14,659,015
New Zealand Dollar	-	-
	11,893,843	14,659,015
Long term equity investments		
British Pound	1,082,013	1,143,493
New Zealand Dollar	6,082,500	5,333,667
	7,163,513	6,477,160
Total financial assets exposure to foreign exchange	**23,486,989**	**26,856,556**
Financial Liabilities		
Trade and other payables		
Singapore Dollar	557,406	2,041,910
New Zealand Dollar	36,408	33,069
Total financial liabilities exposure to foreign exchange	**593,814**	**2,074,979**

Note 13: Financial Risk Management (continued)

a) Market Risk (continued)

ii) Foreign exchange risk (continued)

Sensitivity analysis
The following table summarises the financial impacts of a hypothetical 5% increase and decrease in the foreign currency which are recognised through the reserves.

	Impact on reserves	
	2022	**2021**
Financial Asset		
Change to Cash and Cash equivalents	**$**	**$**
Increase in foreign currency by 5%	163,204	209,200
Decrease in foreign currency by 5%	(163,204)	(209,200)
Change to Trade and other receivables		
Increase in foreign currency by 5%	2,907	2,454
Decrease in foreign currency by 5%	(2,907)	(2,454)
Change to Trading equities		
Increase in foreign currency by 5%	446,019	739,729
Decrease in foreign currency by 5%	(446,019)	(739,729)
Change to Long term equity investments		
Increase in foreign currency by 5%	268,632	239,655
Decrease in foreign currency by 5%	(268,632)	(239,655)
Financial Liabilities		
Trade and other payables		
Increase in foreign currency by 5%	22,268	76,774
Decrease in foreign currency by 5%	(22,268)	(76,774)

iii) Other Price Risk

The Group is an investment company and is exposed to securities price risk. The majority of the Group's investments are publicly traded on the ASX and LSE.

Sandon Capital Pty Ltd being the Investment Manager, mitigates this price risk through its disciplined stock selection and portfolio construction process and adherence to the Company's investment guidelines.

The Company's investments are monitored on a regular basis by the Investment Manager.

Note 13: Financial Risk Management (continued)
a) Market Risk (continued)

iii) Other Price Risk (continued)

Sensitivity analysis
The following table summarises the financial impacts of a hypothetical 5% increase and decrease in the market value of those investments (financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income) that are carried at fair value as at reporting date. For long term equity investments, a 5% increase in market values would have no impact on the income statement as all increases are recognised through other comprehensive income.

	Impact to post-tax profit		Impact on reserves	
	2022	2021	2022	2021
	$	$	$	$
Trading equities				
Increase in fair value in trading equities by 5%	979,477	1,308,081		
Decrease in fair value in trading equities by 5%	(979,477)	(1,308,081)		
Long term equity investments				
Increase in fair value in long term equities by 5%			(806,225)	(827,956)
Decrease in fair value in long term, equities by 5%			806,225	827,956

iv) Interest Rate Risk
The Group's exposure to interest rate risk, which is the risk that financial instrument's value will fluctuate as a result of change in market interest rates.

The value of the Company's investment in Foundation Life is exposed to an insurance company whose value is sensitive to interest rates (in New Zealand and elsewhere). Determining this sensitivity is difficult as the Company does not have access to all the relevant information about the composition of Foundation Life's investments and life policy liabilities.

Generally, a change in interest rates will have an effect on the assets and liabilities of an insurance company. For example, as interest rates increase, all other things being equal, the present value of a life company's liabilities (its obligation to pay out life insurance policies) will fall, while at the same time, the value of the investment portfolio will also fall. The maturity of the life insurance policies will affect the impact and change in interest rates will have on the present value of the life policy liabilities.

The effect of these changes on the shareholders equity (and the Company's investment) will depend on the composition of the investment portfolio. The impact will depend on a number of factors, including but not limited to the proportion of its portfolio in interest rate sensitive investments and the duration of such investments.

Note 13: Financial Risk Management (continued)
a) Market Risk (continued)

iv) Interest Rate Risk (continued)
The Group's weighted average interest rate on financial assets was 0.26% and financial liabilities was 4.80%.

2022	Weighted average effective interest $	Floating interest rate $	Fixed rate interest $	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	0.10%	4,431,687	-	-	4,431,687
Net loans and advances	17.44%	-	3,146,000		3,146,000
Total financial assets exposure		**4,431,687**	**3,146,000**	**-**	**7,577,687**
Financial liabilities					
Unsecured Notes	4.80%	-	29,057,800	-	29,057,800
Unissued Notes	0.00%	-	-	-	-
Total financial liability exposure		**-**	**29,057,800**	**-**	**29,057,800**

2021	Weighted average effective interest $	Floating interest rate $	Fixed rate interest $	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	0.00%	20,883,256	-	-	20,883,256
Net loans and advances	17.44%	-	3,146,000	-	3,146,000
Total financial assets exposure		**20,883,256**	**3,146,000**	**-**	**24,029,256**
Financial liabilities					
Unsecured Notes	8.00%	-	22,308,700	-	22,308,700
Unissued Notes	0.00%	-	15,000,000	-	15,000,000
Total financial liability exposure		**-**	**37,308,700**	**-**	**37,308,700**

b) Credit Risk
Credit risk arises from the financial assets of the Group, which comprise equity investments, cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Cash is invested with high rated financial institutions in Australia, New Zealand and Singapore.

Receivable balances are monitored on an ongoing basis and the Group has no external debts past due or impaired, excluding those in Note 15 (Net Loans and Advances).

The Group has further impaired the loans and advances by $1,668,710 (2021: $1,507,849). Refer to Note 15: Net Loans and Advances. No impairment losses are recognised in respect to any equity instruments measured at fair value.

Note 13: Financial Risk Management (continued)

b) Credit Risk (continued)

On 23 June 2021, MVT's ultimate parent company, SNC, provided a financial guarantee for the benefit of all noteholders in relation to MVT's payment obligations under the note terms (pursuant to the Unsecured Note Restructure Proposal).

For the financial guarantee contract with MVT’s noteholders provided by SNC, as at 30 June 2022, there had been no significant increase in the credit risk related to the financial guarantee contract associated with the restructure of the MVT notes.

d) Market Risk

The Group determines expected credit losses (both 12-month and lifetime) based on the Group’s historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses.

The Group assesses whether the credit risk on a financial asset has increased significantly based on the change in the risk of default since initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group regularly monitors the effectiveness of the criteria it uses to determine whether there has been a significant increase in credit risk and, when necessary, amends the criteria accordingly.

e) Liquidity Risk

The Group’s objective is to maintain sufficient cash and cash equivalents to meet the needs of its operations through cash flow monitoring and forecasting, which is done on a monthly basis.

Liquidity risk is the risk that an entity is unable to meet its financial obligations as they fall due. Prudent liquidity risk management is adopted by the Group through maintaining sufficient cash and marketable securities, the ability to borrow funds from credit providers and to close-out market positions.

The Group entities manage liquidity risk by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All the trade and other payables are typically settled within 30 days.

Note 13: Financial Risk Management (continued)

f) Maturity of financial liabilities

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 12 Months	Greater than 12 Months	Total
2022	**$**	**$**	**$**
Trade and other payables	2,011,145	-	2,011,145
Current Tax Liability	-	-	-
Lease Liability	147,262	63,426	210,688
Unsecured Notes	-	28,061,736	28,061,736
Total	2,158,407	28,665,162	30,823,569

f) Maturity of financial liabilities (continued)

	Less than 12 Months	Greater than 12 Months	Total
2021	**$**	**$**	**$**
Trade and other payables	4,066,835	-	4,066,835
Current Tax Liability	-	-	-
Lease Liability	181,051	200,329	381,380
Unsecured Notes	8,250,900	-	8,250,900
Unsecured Notes		14,057,800	14,057,800
Unissued Notes	-	15,000,000	15,000,000
Total	12,498,786	29,258,129	41,756,915

Note 14: Fair Value Estimation

Fair Value Hierarchy

Judgements and estimates are made in determining the fair values of assets and liabilities. To provide an indication of the reliability of the inputs used in determining fair value, the Group categorises each asset and liability into one of the following three levels as prescribed by accounting standards:

Level 1: Fair value is determined by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities as at the end of the reporting period.

Level 2: Fair value is determined by using valuation techniques incorporating observable market data inputs.

Level 3: Fair value is determined by using valuation techniques that rely on inputs that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
As at 30 June 2022	**$**	**$**	**$**	**$**
Financial assets through other comprehensive income:				
- Listed domestic and international	14,522,612	890,418	-	15,413,030
- Unlisted domestic investments	-	-	4,800	4,800
- Unlisted international investments	-	-	6,081,500	6,081,500
	14,522,612	890,418	6,086,300	21,499,330
Financial assets through profit and loss:				
- Listed domestic and international investments	22,476,932	-	-	22,476,932
- Unlisted domestic and international investments	-	-	3,642,463	3,642,463
	22,476,932	-	3,642,463	26,119,395
Total assets	**36,999,544**	**890,418**	**9,728,763**	**47,618,725**

Note 14: Fair Value Estimation (continued)

	Level 1	Level 2	Level 3	Total
As at 30 June 2021	**$**	**$**	**$**	**$**
Financial assets through other comprehensive income:				
- Listed domestic and international	16,521,175	517,542	-	17,038,717
- Unlisted domestic investments	-	-	4,800	4,800
- Unlisted international investments	-	-	5,333,667	5,333,667
	16,251,175	517,542	5,338,467	22,377,184
Financial assets through profit and loss:				
- Listed domestic and international investments	31,658,914	-	-	31,658,914
- Unlisted domestic and international investments	-	-	3,694,624	3,694,624
	31,658,914	-	3,694,624	35,353,538
Total assets	**48,180,089**	**517,542**	**9,033,091**	**57,730,722**

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last sale prices at the end of the reporting period, excluding transaction costs.

Level 2 assets consist of listed securities which are based on quoted prices in inactive markets.

Level 3 of the hierarchy are unlisted securities such as shares in private companies, trusts and unlisted foreign notes. In order to determine the fair value of these investments, valuation techniques such as comparisons to similar investments for which market observable inputs are available, latest available net tangible assets per share, the adjusted last sale price or the fair value of the expected redemption value in the notes have been adopted.

The Company's investment in Foundation Life valued at $6,081,500 (2021: $5,333,667) is based on its share of Foundation Life's shareholder equity and notes. This value is reported in Foundation Life's reviewed half yearly and audited full year accounts (in March and September respectively). The method of fair value of the investment is consistent with prior years.

Note 14: Fair Value Estimation (continued)

Level 3 Assets during the current and previous financial year are set out below:

Financial assets at fair value through profit and loss	**Unlisted domestic investments $**	**Unlisted international investments $**	**Total $**
Consolidation			
Balance at 1 July 2020	**4,316,874**	**119,626**	**4,436,500**
Return of capital	1,630,847	40,500	1,671,347
(Loss) recognised in profit and loss	(2,361,698)	(51,525)	(2,413,223)
Balance at 30 June 2021	**3,586,023**	**108,601**	**3,694,624**
Impairment of investment	(3,072,158)	-	(3,072,158)
Return of capital	(308,869)	-	(308,869)
Gain / (Loss) recognised in profit and loss	3,353,997	(25,131)	3,328,866
Balance at 30 June 2022	**3,558,993**	**83,470**	**3,642,463**

Financial assets at fair value through other comprehensive income	**Unlisted domestic investments $**	**Unlisted international investments $**	**Total $**
Consolidation			
Balance at 1 July 2020	**4,800**	**5,345,652**	**5,350,452**
Sale of investments	-	-	-
Return of capital	-	-	-
(Loss) recognised in other comprehensive income	-	(11,985)	(11,985)
Balance at 30 June 2021	**4,800**	**5,333,667**	**5,338,467**
Sale of investments	-	-	-
Purchases	-	911,169	911,169
Gain recognised in other comprehensive income	-	14,151	14,151
Return of capital	-	-	-
Foreign exchange movement	-	(177,487)	(177,487)
Balance at 30 June 2022	**4,800**	**6,081,500**	**6,086,300**

The level 3 assets unobservable inputs and sensitivity are as follows:

	Impact to post-tax profit		**Impact on reserves**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Trading equities				
Increase in fair value in trading equities by 5%	979,477	136,701		
Decrease in fair value in trading equities by 5%	(979,477)	(136,701)		
Long term equity investments				
Increase in fair value in long term equities by 5%			806,225	197,523
Decrease in fair value in long term equities by 5%			(806,225)	(197,523)

Note 15: Net Loans and Advances

Accounting Policy:
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is recognised.

AASB 9 requires all equity instruments to be carried at fair value through profit and loss, unless an entity chooses on an instrument-by-instrument basis on initial recognition to present fair value changes to other comprehensive income.

Impairment
AASB 9 requires the Company to record expected credit losses on all its financial assets measured at amortised cost of FVTOCI and financial guarantees. The Company has recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Expected credit losses
For expected credit losses (ECL) on financial assets, the three stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach, the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standard on financial instruments for financial assets that do not have a significant financing component, such as loan receivables. On initial recognition, a day 1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For credit on loans receivables on ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limited are made. Renewals and review of credits are subject to the same review process.

	2022	**2021**
	$	**$**
Family law	11,443,204	9,774,494
Allowance for expected losses/impairment	(8,297,204)	(6,628,494)
Total	3,146,000	3,146,000

Note 15: Net Loans and Advances

The movement in the provision for impairment in respect of loans and advances during the periods is as follows:

	2022	2021
	$	$
Opening balance	3,146,000	3,164,000
Additions	1,668,710	1,584,555
Recoveries	-	(76,706)
Write off	-	-
Allowance of expected credit losses/impairment	(1,668,710)	(1,507,849)
Total	3,146,000	3,146,000

The net loans and advances were acquired by the Group as part of the acquisition of AKF on 4 September 2015.

Impaired loans and advances

Credit impairment in respect of these loans continues to be determined on an individual case basis after taking into account the likely time of settlement, potential further deterioration in asset pool values and/or a decrease in the prospects of an individual borrower succeeding in their respective claims in court. For the year ended 30 June 2022, AKF management have assessed a further impairment of $1,668,710 (2021: $1,507,849).

The Company's write-off policy is dependent on the litigation proceedings and court rulings for each case to determine if the amount will be recoverable.

The assumptions and estimations are based on the litigation proceedings and court rulings for each case taking into consideration how much the borrower would be ordered to pay to AKF and whether their asset pool value / collateral is capable of paying out that amount. Default is considered as the restructuring of an amount due to the Company, on terms that the Company would not consider otherwise, and indications that a debtor will enter bankruptcy or the disappearance of an active market for a security.

Credit risk – Loans and Advances

The credit risk associated with the loans and advances is managed by the AKF's lending model under which monies are advanced against the anticipation of a specified future event with the loan risks and credit assessment fundamentally related to the outcome of that specified event and with repayment sourced from the resultant agreed or judicially determined settlement outcome and proceeds. The principal amount advanced was limited to a maximum of 30% of the lower range of the expected settlement outcome, which is calculated through a known formula and methodology utilised within the judicial system.

The Group has the following credit risk exposures concentrated to a single borrower or legal practice:

A single matrimonial loan in Western Australia (security held are Mortgage, Caveat and Guarantees from borrower and related parties) – balance as at 30 June 2022 of $2.8 million (2021: $2.8 million).

Note 16: Unsecured Notes

Accounting Policy:
Unsecured notes are initially recognised at fair value, net of any transaction costs incurred. These balances are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the liability using the effective interest method.

Issued - unsecured notes	**2022**	**2021**
	$	**$**
Current unsecured – notes at amortised cost	-	8,250,900
Non-current unsecured notes at amortised cost	29,057,800	14,057,800
Less: capitalised costs	(456,064)	-
Non-current unsecured – notes at amortised cost	**28,601,736**	**14,057,800**
Unissued - unsecured notes		
Non-current unsecured – notes at amortised cost	-	15,000,000
Less: capitalised costs	-	(559,079)
Non-current unsecured – notes at amortised cost	**-**	**14,440,921**

On 27 May 2021, the Company announced a Restructure Proposal for the Unsecured Notes (MVTHA) paying interest of 8% per annum which were due to mature on 10 July 2021 and a conditional placement that would raise $15,000,000 from the issue of new MVT notes at a fixed price of $100 per note to wholesale investors. The placement was conditional on Noteholders approving the Restructure Proposal.

The Restructure Proposal allowed existing Noteholders to choose whether to redeem some or all of their Notes or continue under the revised terms.

On 28 May 2021, the Company released the Notice of Meeting for an Extraordinary General Meeting of Noteholders on 23 June 2021 to consider the Restructure Proposal.

Noteholders were asked to consider the following changes to the terms:

- Extending the Maturity Date of the Notes from 10 July 2021 to 10 July 2026;
- A reduction in the interest rate from 8% per annum to 4.8% per annum;
- The introduction of a new investor protection that will see an increase in the interest rate payable by 2% per annum for periods during which the loan to asset ratio has exceeded 33.3% for the previous six months.
- Allowing the Company to redeem some or all of the outstanding Notes during the six month period immediately prior to the New Maturity date, at its sole discretion.

In addition, MVT's listed parent company, Sandon Capital Investments Limited, would provide a financial guarantee for MVT's payment obligation under the Note Terms if the Restructure Proposal was passed.

On 23 June 2021, Noteholders approved the Restructure Proposal at the Extraordinary General Meeting of Noteholders. This approval satisfied the sole condition of the Conditional Placement. As a consequence, the $15,000,000 placement subscription was classified as Unissued unsecured notes, pending the issue of the Notes on 1 July 2021.

Note 16: Unsecured Notes (continued)

As at 30 June 2021, Noteholders representing 82,250 notes totalling $8,250,900 had submitted redemption requests. These Notes were redeemed on 10 July 2021 and an amount relating to the redemption was classified as a current liability as at 30 June 2021.

As a result of the approval of the Restructure Proposal, on 30 June 2021 settlement of the $15,000,000 placement occurred.

On 1 July 2021 150,000 new Notes were issued pursuant to the Conditional Placement. There are now 290,578 Notes on issue.

Note 17: Contingent Liabilities

There are no contingent liabilities as at 30 June 2022 (30 June 2021: Nil).

Note 18: Trade and Other Receivables

Accounting Policy:
Trade receivables are recognised initially at fair value and subsequently at amortised cost, using the effective interest rate method, less provision for impairment. Trade receivables are due for settlement between 30 and 45 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off (impaired) by reducing the carrying amount directly.

RMA has only 7 major customers who are regarded as low risk individually. The trade receivables below are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the financial year, a loss allowance is recognised at an amount equal to 12 months expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary. There is no collateral held as security and other credit enhancement for the trade receivables. As at the end of the financial reporting period, there were no amounts that were impaired.

Current assets	**2022 $**	**2021 $**
Trade receivables	232,914	105,386
	232,914	105,386

Note 19: Trade and Other Payables

Accounting Policy:
Trade and other payables are carried at their amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

	2022	2021
	$	$
Unclaimed shareholder payments – secured *	1,136,502	1,137,882
Trade payables	342,781	1,934,794
Escrowed Port of Singapore	531,862	993,842
Sundry payables	-	-
Unsettled trades	-	315
Total current trade and other payables	2,011,145	4,066,833

* The balance of this liability relates to the MMX capital return payments which were returned to the Company by the Share Registry during the year, pending claims from previous MMX shareholders or remission to the Office of State Revenue. The balance is secured against the cash and cash equivalents of the Company.

Note 20: Lease Liabilities

Accounting Policy:
Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Richfield Maritime Agency (S) Pte Ltd (RMA), the Company's wholly owned Singapore based shipping agency, leases office premises and office equipment under non-cancellable lease agreements. These leases have varying terms, escalation clauses and renewal rights.

	2022	2021
	$	$
Current	147,262	181,051
Non-current	63,426	200,329
Total lease liabilities	210,688	381,380

The amount recognised in profit or loss	2022	2021
	$	$
Depreciation of right-of-use assets	194,867	209,613
Interest expense on leases	19,520	5,467
Total amount recognised in profit or loss	214,387	215,079

Note 21: Share Based Payments

Accounting Policy:
In prior financial years, Share-based compensation benefits were provided to employees of Mercantile Investment Company Limited (the Parent company) via an employee incentive scheme. A summary of the scheme is provided below.

The fair value of options and rights granted is recognised as an employee benefits expense with a corresponding increase in the share-based payment reserve within equity.

The fair value is measured at grant date.

No options were issued to any Directors or other employees for this and prior financial year ending 30 June 2022 and 30 June 2021 respectively.

Note 22: Related Parties

Transactions with related parties

	2022 $	2021 $
Sandon Capital Pty Ltd is an entity associated with Mr Gabriel Radzyminski. Sandon Capital Pty Ltd provided investment management and accounting services to the Company, however, investment management fees are waived. All dealings are conducted at arm's length on normal commercial terms. The following amount was paid to Sandon Capital Pty Ltd for accounting services.	178,800	188,175
The Company loaned to its Parent entity for an amount of $31,033,637 (2021:$24,767,467). It is anticipated the loan will be repaid within the next 12 months.	31,033,637	24,767,467
An entity associated with Gabriel Radzyminski subscribed for 250 MVTHA notes ($25,000) during the 20 financial year. Interest paid on these notes at 30 June 2022 was $893 (2021: $2,000)	1,222	2,000

KMP Compensation

Elements of Remuneration
The Directors are the only people considered to be key management personnel of the company.

There have been no fees paid to Directors during the financial years ending 30 June 2022 and 30 June 2021.

The Board has not issued any options to Directors for financial years ending 30 June 2022 and 30 June 2021.

No Directors, including their personal related parties, held shares in the Company during the years ended 30 June 2022 and 30 June 2021.

Note 22: Related Parties (continued)
Transactions with related parties (continued)

Other Statutory Information
The number of shares and options in the Company held during the financial year by each Director of the Group, including their personal related parties, are disclosed in the Directors Remuneration report.

Loans to KMP
No loans have been made to the Directors of MVT.

Other Related party transactions
A no interest loan was provided to the parent company, SNC during the year. This balance is expected to be repaid in full within the next 12 months. At year end this balance was $31,033,637. No other related party transactions occurred other than those disclosed in this note.

Note 23: Right-of-use assets

	Office Equipment	**Office Premises**	**Total**
	$	**$**	
1 July 2021	106,270	273,013	379,283
Additions	-	-	-
Accumulated depreciation	(18,914)	(168,389)	(187,303)
30 June 2022	87,356	104,624	191,980

Note 24: Auditors Remuneration

During the year the following fees were paid or payable for services provided by the auditor.

	2022	**2021**
	$	**$**
Audit services		
Grant Thornton Sydney for audit and review of financial reports and other work under the *Corporations Act 2001*	237,527	160,652
Non-assurance services		
Pitcher Partners Sydney for audit and review of financial reports and other work under the *Corporations Act 2001*	-	-
Non-assurance services		
	237,527	160,652

Note 25: Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2022 $	2021 $
(Loss) /Profit attributable to members	(5,240,844)	8,938,632
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	280,700,000	280,700,000
Basic and diluted earnings/(loss) per share (cents per share)	(1.87)	3.18

The Company currently has no outstanding options on issue (2021: nil).

Note 26: Other Operating Costs

	2022	2021
	$	$
Other operating expenses is made up of the following:		
Parent operating expenses		
Rent	-	-
Office expenses	5,042	(1,139)
Corporate expenses	-	-
Travel	-	-
Foreign exchange losses	64	(1,420)
Fees and commissions	39,735	38,740
Miscellaneous expenses	-	269
	44,841	36,450
Subsidiary operating expenses		
Rent	11,566	5,692
Office expenses	156,045	40,646
Travel	11,925	408
Bank fees	5,114	5,319
Depreciation	245,776	109,082
Entertainment	17,265	16,068
Miscellaneous expenses	-	1,374
	447,691	178,589
Total other operating costs	492,532	215,039

Directors' Declaration

In accordance with a resolution of the Directors of Mercantile Investment Company Limited, the Directors of the Group declare that:

1. the financial statements and notes, as set out on pages 12 to 53, are in accordance with *the Corporations Act 2001*, and:

   (a) comply with Australian Accounting Standards, which, as stated in the basis of preparation section on page 21, constitutes compliance with International Financial Reporting Standards (IFRS), the Corporations Regulations 2001 and other mandatory reporting requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Consolidated Group;

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

3. the Directors have been given the declarations required by section 295A of *the Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

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

Gabriel Radzyminski
Chairman

25 August 2022

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Independent Auditor's Report

To the Members of Mercantile Investment Company Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mercantile Investment Company limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets (Note 14)	
The investment portfolio consists of listed securities and unlisted securities. The fair value of financial assets traded in active markets is based on their quoted market prices. The fair value of financial assets that are not traded in an active market are determined using significant valuation techniques. Investments that involved significant judgement included those with unobservable inputs. Where observable data is not available, estimates must be developed based on the most appropriate source of data. We determined this to be a key audit matter given the size of the balance and the inherent judgement involved in determining the fair value of financial instruments.	Our procedures included, amongst others: • Obtaining an understanding of and evaluating the investment management processes and controls; • Reviewing and evaluating ASAE 3402 *Assurance Reports on Controls at a Service Organisation* reports and bridging letters for third-party asset custodians; • Obtaining confirmation on investment holdings directly from third-party asset custodians; • Where readily observable data was available, performing independent price checks, recalculating the valuation and comparing it to the company's valuation; • For investments where there were limited or no observable inputs, obtaining confirmation of the cost of the initial investment and assessing other relevant information supporting the fair value of the underlying net assets; • Reviewing significant investment additions and sales in the period back to contract notes, evaluating the accuracy of the initial cost and sale; • Reviewing the last day traded on level 1 investments to validate the investments were actively traded; and • Assessing the adequacy of the financial statement disclosures.

Deferred tax balance (Note 12)

Taxation for the Group is considered to be complex as the Group operates in several jurisdictions with different laws, regulations and authorities, resulting in complex tax calculations and judgements. Given the complexity of computations, we determined this to be a key audit matter.	Our procedures included, amongst others: • Obtaining copies of management's tax calculations for the year ended 30 June 2022 and prior periods prepared by management's expert; • Evaluating the qualification and objectivity of management's expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • Obtaining the tax expert's memorandum on tax positions and reviewing key assumptions applied for reasonableness; • Testing the tax calculation model to ensure mathematical accuracy and completeness; • Agreeing significant inputs in the tax calculations to supporting documentation; • Making inquiries of management's expert on the elections adopted in the finalisation of the Income Tax Return and the impacts on the tax balances; • Considering and challenging the assumptions made by the Group in determining the tax calculations, including assessing the rationale on which deferred tax assets and liabilities were recognised; • Consulting with an auditor's expert to assess the reasonableness of key tax assumptions used by management's expert in the tax provision calculations; • Evaluating management's processes and controls to determine if they appropriately addressed the risks; and • Assessing the adequacy of the financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 8 to 9 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Mercantile Investment Company Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 25 August 2022