



PRITCHARD EQUITY LIMITED

TWENTY FIRST ANNUAL REPORT

2022

Pritchard Equity Limited ABN 80 100 517 404

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PRITCHARD EQUITY LIMITED

OUR VALUES AND OBJECTIVES

- While our company is a corporation, our philosophy is that of a partnership. We do not view the company itself as the ultimate owner of assets, but instead as a conduit through which shareholders own the assets.
- We do not measure the company's performance by its revenue or its size, but by the growth of the intrinsic value of its shares. Our long-term financial goal is to maximise this growth by investing in businesses that generate cash and earn above average returns on the capital invested in them.
- We maintain a conservative approach to borrowing, and will reject investment opportunities that present themselves rather than overextend our financial position.
- We are sensitive to our fiduciary obligations to our suppliers and creditors, and to our many long term shareholders, some of whom have committed significant portions of their investment funds to our care.
- We will be candid in reporting to shareholders, and will tell them everything about the business that we believe they would like to know.

PRITCHARD EQUITY LIMITED

FINANCIAL HIGHLIGHTS

Year ended 30 June	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Income Statement					
Total income	789,331	892,674	944,047	741,968	591,948
Total expenses	(350,141)	(297,502)	(346,598)	(312,055)	(257,338)
Operating profit/(loss) before income tax	439,190	595,172	597,449	429,913	334,610
Income tax benefit/(expense)	(101,803)	(145,743)	(152,162)	(119,598)	(93,135)
Operating profit/(loss) after income tax	337,387	449,429	445,287	310,315	241,475
Minority interests	(1,205)	163	(7,631)	(4,621)	(4,473)
Discontinued operations	-	-	-	-	(254)
Profit/(loss) attributable to shareholders of Pritchard Equity Limited	336,182	449,592	437,656	305,694	236,748
Statement of Financial Position					
Total assets	209,854,687	228,526,106	305,865,524	286,656,458	304,398,909
Total liabilities	205,851,214	224,828,055	302,785,045	284,041,705	302,186,196
Total shareholders' equity	4,003,473	3,698,051	3,080,479	2,614,753	2,212,713
Pritchard Equity Limited shareholders' equity	3,992,586	3,688,369	3,061,784	2,603,667	2,206,502
Share Information					
Basic earnings per ordinary share (cents per share)	15.78	21.41	21.14	15.55	12.24
Growth in earnings per ordinary share (%)	(26.3)	1.3	36	27	11
Net assets per ordinary share (cents per share)	187	176	149	128	114
Share price at end of period					
— A Ordinary shares	0.50	0.36	0.35	0.30	0.30
— B Ordinary shares	0.50	0.36	0.36	0.35	0.30
Issued capital (number of shares)					
— A Ordinary shares	1,130,313	1,100,313	1,079,654	1,079,654	1,048,373
— B Ordinary shares	1,000,000	1,000,000	990,659	960,659	899,378
Key Measures					
Return on average ordinary shareholders' equity (%)	8.73	13.26	16.54	12.66	11.60
Return on average assets (%)	0.15	0.16	0.15	0.10	0.08
Gearing ratio (%)	0	0	0	4.4	5.1

PRITCHARD EQUITY LIMITED

EXECUTIVE CHAIRMAN'S LETTER

Dear Fellow Shareholders

We are pleased to announce a record operating profit for the year of \$336,182.

Results

The consolidated net operating profit after tax for the year decreased by 25% to \$336,182 compared to last year's profit of \$449,592.

Earnings per share decreased to 15.78 cents per share, compared to 21.41 cents per share last year, whilst net assets per ordinary share was \$1.87 per share at year end compared to \$1.76 per share last year.

Listed investments

We continued to carefully manage our portfolio of listed investments and took advantage of new investment opportunities as they arose.

Details of the current holdings of investments are disclosed in Note 25 of the Financial Report.

Structured finance

The revenue from the structured finance business increased from \$507,902 last year to \$532,529 in the current. We expect that the revenue from this business will decline as the existing structured finance products mature.

Unlisted investments

Hamilton Capital Proprietary Limited (www.hamiltonam.com.au)

Hamilton Capital Proprietary Limited is the holding company for Hamilton Asset Management Limited. Hamilton Capital Proprietary Limited's current year equity accounted contribution to our results was a profit of \$16,048 compared to the prior year of \$27,792.

Hamilton Asset Management Limited's new website is expected to be launched in the coming weeks, which will provide a platform for the promotion and marketing of its managed funds.

Hamilton Asset Management Limited's flagship fund the Hamilton Sirius Fund made good progress during the year with the net assets of the fund increasing to \$2,443,036 (2021: \$2,098,675).

FijiStock Brokers Pte. Limited (www.fijistockbrokers.com.fj)

FijiStock Brokers Pte. Limited is the oldest stock broking firm in Fiji and is a member of the South Pacific Stock Exchange Limited.

FijiStock Brokers Pte. Limited business was adversely affected by the outbreak of COVID 19 in Fiji and as a result incurred a small loss.

South Pacific Stock Exchange Limited (www.spse.com.fj)

The performance of the Group's investment in the South Pacific Stock Exchange Limited remains satisfactory.

Tyrex Holdings Pty Limited (www.tyrex.com.au)

Tyrex Solutions Pty Limited ("Tyrex") has been operating for more than 30 years providing sustainable solutions for businesses and householders by using recycled rubber to produce a range of ramps and other safety and commercial products.

Tyrex Holdings Pty Limited current year equity accounted contribution to our results was a profit of \$48,517 compared to the prior year of \$61,168 their trading results were adversely affected by COVID 19.

Outlook

We continue to remain in a strong financial position which provides us with the flexibility to take advantage of new investment opportunities as they are identified.

At this stage, except for the results of FijiStock Brokers Pte Limited the group has not encountered any adverse effects as a result of COVID 19.



Steven Pritchard
Chairman
12 September 2022

PRITCHARD EQUITY LIMITED

DIRECTORS' REPORT

Your directors present their report on the group consisting of Pritchard Equity Limited (the company) and its controlled entities (the group) for the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act*, the directors report as follows:

Directors

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

Steven Shane Pritchard
Enzo Pirillo
Gordon Bradley Elkington

The directors have been in office from the start of the financial year to the date of this report.

Company Secretary

Enzo Pirillo held the position of company secretary at the end of the financial year. Details of Mr Pirillo's qualifications are contained in the Information on Directors.

Principal Activities

During the year, the principal activity of the group was the acquisition of medium and long term investments in both listed and unlisted investments.

The group offered a number of structured finance products that it has made available to qualifying investors.

There were no significant changes in the nature of the group's principal activities during the financial year.

Dividends Paid or Recommended

No dividends were paid during the year.

Operating Results and Review of Operations

The consolidated net profit after providing for income tax and eliminating minority equity interests was \$336,182 compared to a profit of \$449,592 last year.

Financial Position

The net assets of the group as at 30 June 2022 were \$4,003,473 compared to \$3,698,051 as at 30 June 2021, an increase of \$305,422.

The group continues to maintain a strong liquidity position, and currently holds cash and readily realisable assets of \$2,230,368.

Significant Changes in State of Affairs

Other than stated elsewhere in this report there were no significant changes in the operations of the group, or the environment in which it operates, during the financial year.

After Balance Date Events

At balance date, loans and advances in Note 11 amounting to \$5,000,000 has reached their 4-year term maturity dates and were overdue for repayment. Subsequent to the balance date the company issued notices of demand to the borrowers. Upon this, the company is considered to have fully recovered all overdue loans and advances, and also satisfied its corresponding liabilities and obligations under the limited recourse secured notes in Note 17.

Apart from the above no other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Future Developments, Prospects and Business Strategies

The group will continue to pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place, and may require some changes to that strategy.

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

PRITCHARD EQUITY LIMITED

DIRECTORS' REPORT

Environmental Issues

The group's operations are not regulated by any significant environmental regulation under Commonwealth or State law.

Information on Directors

Steven Shane Pritchard	—	Chairman (Executive)
Qualifications	—	B Com, CPA, F Fin Previously a member of the Stock Exchange of Newcastle Limited
Experience	—	Chairman and director since 10 May 2002
Interest in shares	—	684,072 A Ordinary shares 641,613 B Ordinary shares
Special responsibilities	—	Member of the Audit Committee Director of Henley Underwriting & Investment Company Pty Limited, Hamilton Capital Pty Limited and The South Pacific Stock Exchange Limited (since 15 April 2010).
Directorships held in other listed entities	—	Current director of Australia & International Holdings Limited (since 17 November 2021), current chairman and director of Illuminator Investment Company Limited (since 22 December 2003), current director of Florin Mining Investment Company Limited (since 29 September 2004), and Winpar Holdings Limited (since 4 July 2003),
Enzo Pirillo	—	Director (Executive) and Company Secretary
Qualifications	—	B Com, CPA, F Fin
Experience	—	Director and company secretary since 14 September 2005
Interest in shares	—	158,505 A Ordinary shares 108,114 B Ordinary shares
Special Responsibilities	—	Member of the Audit Committee Director of Henley Underwriting & Investment Company Pty Limited, Illuminator Investment Company Limited, Florin Mining Investment Company Limited and Hamilton Capital Proprietary Limited
Gordon Bradley Elkington	—	Director (Non-Executive)
Qualifications	—	B Sc, M Sc, Ph D, LLM
Experience	—	Director since 12 December 2005
Interest in shares	—	57,901 A Ordinary shares 60,814 B Ordinary shares
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities	—	Director of Winpar Holdings Limited (since 30 December 1993)

PRITCHARD EQUITY LIMITED

DIRECTORS' REPORT

Meetings of Directors

During the financial year, fourteen meetings of directors (including committees) were held. Attendances were as follows:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number held	Number attended	Number held	Number attended
Steven Shane Pritchard	13	13	1	1
Enzo Pirillo	13	13	1	1
Gordon Elkington	13	13	1	1

Indemnifying Officers or Auditor

The company has not given an indemnity or entered into during or since the end of the financial year an agreement to indemnify, or paid or agreed to pay insurance premiums in relation to, any officer or auditor.

Proceedings on Behalf of Company

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

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

Non- audit services

Details of the auditor's remuneration for auditing the company's accounts are set out in note 5 to the accounts. No amounts have been paid or payable to the auditors for non-audit services.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and is found on page 8 of this report.

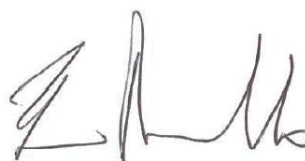
Signed in accordance with a resolution of the Directors made pursuant to s 298(2) of the Corporations Act 2001.



Steven Shane Pritchard

Director

12 September 2022



Enzo Pirillo

Director

PRITCHARD EQUITY LIMITED

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Pritchard Equity Limited, and for the executives receiving the highest remuneration.

Remuneration policy

All issues in relation to the remuneration of both executive directors and non-executive directors are dealt with by the board of the company.

The constitution of Pritchard Equity Limited requires the approval by shareholders in general meeting of a maximum amount of remuneration per year to be allocated among non-executive directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the board takes account of the time demands made on directors, together with such factors as the general level of fees paid to directors. The amount of remuneration currently approved by shareholders for non-executive directors is a maximum of \$80,000 per annum.

Non-executive directors hold office until such time as they retire, resign or are removed from office in accordance with the constitution of the company. Non-executive directors do not receive any performance based remuneration.

Details of remuneration

The company has only two executives, Steven Pritchard and Enzo Pirillo (2021: two executives), both of whom are directors of the company.

Details of the remuneration for each director of the company are as follows.

2022	Salary and Fees	Superannuation contributions	Share based remuneration	Total
	\$	\$	\$	\$
Steven Pritchard	-	-	3,600	3,600
Enzo Pirillo	-	-	3,600	3,600
Gordon Elkington	-	-	3,600	3,600

2021	Salary and Fees	Superannuation Contributions	Share based remuneration	Total
	\$	\$	\$	\$
Steven Pritchard	-	-	3,500	3,500
Enzo Pirillo	-	-	3,500	3,500
Gordon Elkington	-	-	3,500	3,500

Pritchard Equity Limited
ACN: 100 517 404

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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

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



PKF



MARTIN MATTHEWS
PARTNER

12 SEPTEMBER 2022
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

PRITCHARD EQUITY LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the company is properly managed so as to protect and enhance the interests of shareholders, consistently with the company's meeting its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices, having regard to its size and the nature of its activities.

The main corporate governance policies are summarised below.

Appointment and retirement of non-executive directors

It is the Board's policy to determine the terms of the appointment and retirement of non-executive directors on a case by case basis, and in conformity with the requirements of the Listing Rules and the *Corporations Act*.

Director qualifications

In choosing directors, the company seeks to appoint those individuals who have a significant personal or family ownership interest in the company's ordinary shares. These persons must also have high integrity, business skills, shareholder orientation and a genuine interest in the company.

Board size

The Board presently consists of three members, two of whom are executive directors. Under the company's constitution, the Board must consist of not less than three members and not more than ten. The Board periodically reviews the number of its directors, having regard to the nature and extent of the company's operations.

Directors' responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they believe to be the best interests of the company and its shareholders, and to conduct themselves in accordance with their fiduciary duties.

Directors' access to independent professional advice

It is the Board's policy that any committees established by the Board should:

- be entitled to obtain independent professional or other advice at the company's cost, unless the Board determines otherwise;
- be entitled to obtain such resources and information from the company, its employees and advisers, as they may require; and
- operate in accordance with any terms of reference established by the Board.

Board meetings

The Chairman of the Board is responsible for establishing the agenda for each Board meeting. Each director is free to suggest items for inclusion on the agenda and to raise at any Board meeting subjects that are not on the agenda. At least once each year the Board reviews the company's long term plans and the principal issues that the company will face in the future.

Audit committee

The Board has established an audit committee, which meets with the external auditors at least once a year. The Audit Committee addresses the financial and compliance responsibilities of the Board, and monitors in particular:

- the adequacy of the company's internal controls and procedures to ensure compliance with all applicable legal obligations;
- the adequacy of financial risk management processes; and
- any reports prepared by the external auditor.

PRITCHARD EQUITY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Consolidated Year to 30 June 2022			Consolidated Year to 30 June 2021		
		Revenue	Capital	Total	Revenue	Capital	Total
		\$	\$	\$	\$	\$	\$
Income from investment portfolio	3a	25,094	-	25,094	79,840	-	79,840
Income from trading portfolio	3b	(6,060)	-	(6,060)	3,978	-	3,978
Income from deposits	3c	5,084	-	5,084	7,215	-	7,215
Income from the provision of services	3d	168,119	-	168,119	204,779	-	204,779
Income from structured finance products	3e	532,529	-	532,529	507,902	-	507,902
Share of net profit of associated company		64,565	-	64,565	88,960	-	88,960
Total income from ordinary activities		789,331	-	789,331	892,674	-	892,674
Auditors remuneration		43,220	-	43,220	54,706	-	54,706
ASIC fees		25,250	-	25,250	28,744	-	28,744
Bank charges		1,311	-	1,311	2,140	-	2,140
Depreciation expense		1,304	-	1,304	1,578	-	1,578
Employee expenses		59,478	-	59,478	64,199	-	64,199
Finance costs		582	-	582	214	-	214
Listing fees		13,325	-	13,325	13,328	-	13,328
Net realised foreign exchange loss/(gain)		5,489	-	5,489	(13,199)	-	(13,199)
Share registry fees		8,407	-	8,407	8,530	-	8,530
Administration expenses		191,775	-	191,775	137,262	-	137,262
		350,141	-	350,141	297,502	-	297,502
Operating profit before income tax		439,190	-	439,190	595,172	-	595,172
Income tax expense	4a	(101,803)	-	(101,803)	(145,743)	-	(145,743)
Operating profit after income tax		337,387	-	337,387	449,429	-	449,429
Loss/(profit) attributable to non-controlling interest		(1,205)	-	(1,205)	163	-	163
Operating profit attributable to members of the company		336,182	-	336,182	449,592	-	449,592
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Net revaluation of non-current assets		-	(79,582)	(79,582)	-	174,834	174,834
Net realised gains on sale of long-term investments		-	16,691	16,691	-	24,871	24,871
Foreign currency translation		-	20,126	20,126	-	(42,062)	(42,062)
Total other comprehensive income for the year		-	(42,765)	(42,765)	-	157,643	157,643
Total comprehensive income for the year		336,182	(42,765)	293,417	449,592	157,643	607,235
Overall Operations							
Basic earnings per share (cents per share)	7			15.78			21.14
Diluted earnings per share (cents per share)	7			15.78			21.14

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Consolidated	
		2022	2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,073,911	4,305,146
Trade and other receivables	9	2,445,865	2,413,670
Trading portfolio	10	17,477	31,262
Income tax receivable		6,146	9,339
Financial assets	11	195,708,392	205,119,132
TOTAL CURRENT ASSETS		199,251,791	211,878,549
NON-CURRENT ASSETS			
Investment portfolio	12	2,177,599	1,960,835
Investments in associates accounted for using the equity method	13(a)	704,789	640,224
Trade and other receivables	9	167,407	414,222
Financial assets	11	7,352,898	13,500,000
Plant and equipment	14	1,241	3,336
Deferred tax assets	15	198,962	128,940
TOTAL NON-CURRENT ASSETS		10,602,896	16,647,557
TOTAL ASSETS		209,854,687	228,526,106
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	2,527,420	5,733,459
Borrowings	17	195,778,829	205,119,132
TOTAL CURRENT LIABILITIES		198,306,249	210,852,591
NON-CURRENT LIABILITIES			
Trade and other payables	16	191,950	475,356
Borrowings	17	7,352,898	13,500,000
Deferred tax liabilities	15	117	108
TOTAL NON-CURRENT LIABILITIES		7,544,965	13,975,464
TOTAL LIABILITIES		205,851,214	224,828,055
NET ASSETS		4,003,473	3,698,051
EQUITY			
Issued capital	18	1,286,766	1,275,966
Reserves	19	266,098	317,966
Retained earnings		2,439,722	2,094,437
Equity attributable to equity holders of the parent		3,992,586	3,688,369
Minority equity interest		10,887	9,682
TOTAL EQUITY		4,003,473	3,698,051

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Issued Capital	Foreign Currency Reserve	Asset Revaluation Reserve	Capital Profits Reserve	Retained Earnings	Total	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated								
Balance at 1 July 2020 as reported	1,265,466	53,364	62,117	69,713	1,611,124	3,061,784	18,695	3,080,479
Shares issued during the year	10,500	-	-	-	-	10,500	-	10,500
Profit for the year	-	-	-	-	449,592	449,592	(163)	449,429
Other comprehensive income								
Revaluation of non current assets (net of tax)	-	-	174,834	-	-	174,834	-	174,834
Net capital gains for the year	-	-	-	-	24,871	24,871	-	24,871
Foreign currency exchange reserve	-	(42,062)	-	-	-	(42,062)	-	(42,062)
Total other comprehensive income	-	(42,062)	174,834	-	24,871	157,643	-	157,643
Total comprehensive income for the year	-	(42,062)	174,834	-	474,463	607,235	-	607,235
Change in minority ownership	-	-	-	-	8,850	8,850	(8,850)	-
Balance at 30 June 2021	1,275,966	11,302	236,951	69,713	2,094,437	3,688,369	9,682	3,698,051
Balance at 1 July 2021 as reported	1,275,966	11,302	236,951	69,713	2,094,437	3,688,369	9,682	3,698,051
Shares issued during the year	10,800	-	-	-	-	10,800	-	10,800
Profit for the year	-	-	-	-	336,182	336,182	1,205	337,387
Other comprehensive income								
Revaluation of non current assets (net of tax)	-	-	(79,582)	-	-	(79,582)	-	(79,582)
Net capital gains for the year	-	-	-	-	16,691	16,691	-	16,691
Foreign currency exchange reserve	-	20,126	-	-	-	20,126	-	20,126
Total other comprehensive income	-	20,126	(79,582)	-	16,691	(42,765)	-	(42,765)
Total comprehensive income for the year	-	20,126	(79,582)	-	352,873	293,417	-	293,417
Transfers between reserves	-	-	-	7,588	(7,588)	-	-	-
Balance at 30 June 2022	1,286,766	31,428	157,369	77,301	2,439,722	3,992,586	10,887	4,003,473

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Consolidated	
		2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to customers		(99,794)	(46,197)
Sales from trading portfolio		13,100	9,168
Purchases for trading portfolio		(5,387)	(14,929)
Brokerage received		141,188	72,893
Interest received		8,224,029	6,067,752
Dividends received		16,415	9,357
Distributions received		37,636	17,771
Other fees received		-	172,503
Withholding tax received		9,500	7,446
Other receipts		26,445	111,389
		<u>8,363,132</u>	<u>6,407,153</u>
Administration expenses		(331,744)	(292,551)
Bank charges		(1,308)	(2,137)
Finance costs		(7,830,662)	(5,691,241)
Withholding tax paid		(114,986)	-
Income tax paid		(175,587)	(117,584)
Net cash (used in)/provided by operating activities	21a	<u>(91,155)</u>	<u>303,640</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales from investment portfolio		31,112	325,772
Purchases for investment portfolio		(350,095)	(770,104)
Purchases of other assets		(175)	(1,607)
Loans and advances		(124,891,012)	(78,555,304)
Repayment of loans and advances		83,886,354	53,278,218
Net cash used in investing activities		<u>(41,323,816)</u>	<u>(25,723,025)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of notes		121,978,512	80,956,807
Repayment for the redemption of notes		(83,886,354)	(58,228,218)
Proceeds from borrowings		70,703	-
Net cash provided by/(used in) financing activities		<u>38,162,861</u>	<u>22,728,589</u>
Net (decrease)/increase in cash held		(3,252,110)	(2,690,796)
Cash at beginning of financial year		4,305,146	7,031,266
Effects of exchange rate changes on the balance of cash held in foreign currencies		20,875	(35,324)
Cash at end of financial year	8	<u>1,073,911</u>	<u>4,305,146</u>

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has been authorised for issue on the date of the Directors Declaration.

The financial report covers the separate financial statements of the company and the consolidated financial statements of the group.

Pritchard Equity Limited is a listed public company, incorporated and domiciled in Australia.

Australia Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

The group has not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the year ended 30 June 2022 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The group only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

Basis of Preparation

Reporting Basis and Conventions

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue by the directors on 12 September 2022.

a. Principles of Consolidation

A controlled entity is any entity of which Pritchard Equity Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 2 to the financial statements.

All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the application of those policies by the company.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Associate Accounting Policy

Associates are entities over which the company has significant influence but not control, generally accompanied by a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost in the company's financial statements.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, borrowings and non-interest monetary financial assets and liabilities of the group approximate their carrying value.

The fair value for assets that are actively traded on a market is determined by reference to market prices prevailing at balance date, where the securities are traded on an organised market. Where a security is not actively traded on a market, its fair value is determined by the Directors.

d. Income from the Provision of Services

Revenue arising from brokerage commissions and fee income are recognised by the group on an accruals basis as and when services have been provided.

e. Income from deposits

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

g. Trade and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

h. Plant and Equipment

Plant and equipment is included at cost less accumulated depreciation and any impairment in value. All plant and equipment is depreciated over its estimated useful life, commencing from the time assets are held ready for use.

The depreciation rates for each class of asset are as follows:

Furniture and fittings 12 – 33%

Office equipment 20 – 40%.

i. Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency using the exchange rates applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of foreign exchange ruling at that date.

j. Holdings of Securities

The designation of securities within the investment portfolio as "financial assets measured at fair value through other comprehensive income" is consistent with the Director's view of these assets as being held for the long term for both capital growth and for the provision to the group of dividends and distribution of income rather than to make a profit from their sale, which is the purpose of securities held in the trading portfolio.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously.

Increments and decrements on equity instruments are recognised as other comprehensive income and taken to the Asset Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Asset Revaluation Reserve to Retained Earnings through Other Comprehensive Income.

(ii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iii) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution, and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carrying value of the securities.

k. Borrowings

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

l. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and when that outflow can be reliably measured.

m. Taxation

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that are in place or are substantially in place at the balance date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, where the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised and on the basis that no adverse change will occur in income taxation legislation and in the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Goods and Services Tax

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

Receivables and payables in the statement of financial position are shown inclusive of GST.

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.

o. New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

p. Critical accounting judgements and key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates.

As the directors do not intend to dispose of the portfolio, this tax asset may not be crystallised. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

The group has recognised deferred tax assets in relation to carried forward revenue and capital losses and deductible temporary differences as disclosed in Note 15. The group recognises these assets only if the group considers it is probable that future taxable amounts will be available to utilise these temporary differences and losses. The group intends to not dispose of portfolio assets until there are gains on the investments which the Directors believe will be sufficient to recoup the deferred tax assets.

q. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 2: CONTROLLED ENTITIES

a. Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Country of incorporation	Percentage owned (%)*	
		2022	2021
Parent			
Pritchard Equity Limited	Australia	100	100
Henley Underwriting & Investment Company Pty Limited	Australia	100	100
The NSX Investment Trust	Australia	100	100
PEQ Investment Holdings Pty Limited	Australia	100	100
First Newcastle Pty Limited	Australia	100	100
The Newcastle Exchange Pty Limited	Australia	100	100
The South Pacific Investment Company Limited	Australia	100	100
Fiji Stock Brokers Limited	Fiji	90	90
Structured Finance Securities Pty Limited	Australia	100	100

* Percentage of voting power is in proportion to ownership

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 3: REVENUE

	Consolidated	
	2022	2021
	\$	\$
a. Income from investment portfolio		
— dividends received	24,938	16,853
— trust distributions received	156	62,987
Total Income from investment portfolio	25,094	79,840
b. Income from trading portfolio		
— sales revenue	13,100	9,180
— cost of sales	(19,160)	(5,202)
— net (loss)/ profit from trading portfolio	(6,060)	3,978
Total Income from trading portfolio	(6,060)	3,978
c. Income from deposits		
— interest received	5,084	7,215
Total Income from deposits	5,084	7,215
d. Income from the provision of services		
— brokerage received	141,502	55,972
— other income received	26,617	148,807
Total Income from the provision of services	168,119	204,779
e. Income from structured finance products		
— fees received	-	10,000
— interest received	9,022,644	7,904,275
— interest paid	(7,797,409)	(5,793,357)
— acquisition fees	(692,706)	(1,613,016)
Total Income from structured finance products	532,529	507,902

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 4: INCOME TAX EXPENSE

	Note	Consolidated	
		2022	2021
		\$	\$
a.	The components of tax expense comprise:		
		(7,316)	433
		(114,110)	(115,947)
	15	(9)	(106)
	15	19,632	(30,123)
		(101,803)	(145,743)
b.	The prima facie tax on profit from ordinary activities before income expense is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2021: 30%)		
		131,757	178,552
	Less:		
	Tax effect of:		
		5,795	3,219
		7,315	1,747
		19,370	26,688
		-	236
		(139)	(2,287)
		(2,388)	3,206
		101,803	145,743
	Amounts recognised directly through other comprehensive income		
c.	Increase/(decrease) in deferred tax assets relating to capital gains tax on the movement in unrealised gains/losses in the investment portfolio		
		52,029	(72,914)

NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for

— auditing the financial report	43,220	54,706
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PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 6: DIVIDENDS

	Consolidated	
	2022	2021
	\$	\$
a. Dividend Paid		
No dividends paid (2021: no dividends paid)	-	-
b. Dividends declared		
No dividends declared (2021: no dividends declared).	-	-
c. Franking account	1,043,982	862,229
Impact on franking account balance of dividends not recognised	-	-

NOTE 7: EARNINGS PER SHARE

	Consolidated	
	2022	2021
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	2,116,916	2,087,738
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive earnings per share	2,116,916	2,087,738
a. Basic and diluted earnings per share	\$	\$
Profit attributable to members of the group	336,182	449,592
	Cents	Cents
Basic earnings per share	15.78	21.41
Diluted earnings per share	15.78	21.41

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	995,162	4,122,456
Deposits at call	62,469	166,767
Term deposit	16,280	15,923
	1,073,911	4,305,146

The effective interest rate on deposits at call was 0.50% (2021: 0.50%).

The credit risk exposure of the group in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Reconciliation of cash

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

Cash and cash equivalents	1,073,911	4,305,146
	1,073,911	4,305,146

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT

Dividends and trust distributions receivable	66,302	103,787
Goods and services tax refund	14,359	20,667
Other debtors	54,488	349,928
Income tax refundable	12,361	-
Accrued income	1,937,806	1,393,885
Loan acquisition fees prepaid	360,549	545,403
	2,445,865	2,413,670

NON CURRENT

Loan acquisition fees prepaid	167,407	414,222
	167,407	414,222

Receivables are non-interest bearing and unsecured.

The credit risk exposure of the group in relation to receivables is the carrying amount.

NOTE 10: TRADING PORTFOLIO

CURRENT

Listed investments, at market value

- Shares	17,477	31,262
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PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 11: FINANCIAL ASSETS

	Note	Consolidated	
		2022	2021
		\$	\$
CURRENT			
- Unsecured notes	11a	175,708,392	132,616,234
- Loans and advances	11b	20,000,000	72,502,898
		195,708,392	205,119,132
NON CURRENT			
- Loans and advances	11b	7,352,898	13,500,000
		7,352,898	13,500,000

- a The interest payable on the unsecured notes is fixed for the term of the notes. These notes have been pledged as security to the holders of the limited recourse secured notes. Refer Note 17b.
- b. The interest payable on the loans and advances is fixed for the term of the loans and advances. The loans and advances are secured over by the holders' interests in various managed investments schemes. These loans and advances have been pledged as security to the holders of the limited recourse secured notes. Refer Note 17c.

NOTE 12: INVESTMENT PORTFOLIO

NON-CURRENT

Listed Investments, at fair value

- Shares and trust units	1,138,980	1,062,287
	1,138,980	1,062,287

Unlisted Investments, at fair value

- Shares and trust units	1,038,619	898,548
	2,177,599	1,960,835

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interest held in the following associated companies:

Name	Principal activities	Country of incorporation	Class of shares	Ownership interest		Carrying amount of interest	
				2022	2021	2022	2021
				%	%	\$	\$
Unlisted:							
Hamilton Capital Pty Limited	Investing	Australia	Ordinary	45.76	45.76	594,204	578,156
Tyrex Holdings Pty Limited	Manufacturing	Australia	Ordinary	28.13	28.13	110,585	62,068
						704,789	640,224

	Note	Consolidated	
		2022 \$	2021 \$
a. Movements during the year in equity accounted investment in associates			
Balance at beginning of the financial year		640,224	542,287
Add: New investments during the year		-	18,768
Share of associates' profit after income tax	13b	64,565	8,444
Balance at end of the financial year		704,789	640,224
b. Equity accounted profit of associates are broken down as follows:			
Share of associate's profit before income tax (expense)/ benefit		71,427	98,656
Share of associate's income tax expense		(6,862)	(9,696)
Share of associate's profit/ (loss) after income tax		64,565	88,960
c Summarised presentation of aggregate assets, liabilities and performance of associates			
Current assets		946,743	1,821,845
Non-current assets		1,790,553	1,845,631
Total assets		2,737,295	3,667,476
Current liabilities		597,709	1,497,627
Non-current liabilities		55,293	171,917
Total liabilities		653,002	1,669,544
Net assets		2,084,294	1,997,932
Revenues		2,741,310	1,626,888
Profit after income tax of associates		207,544	278,180

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 14: PLANT AND EQUIPMENT

	Consolidated	
	2022	2021
	\$	\$
Plant and equipment		
At cost	35,651	36,513
Accumulated depreciation	(34,410)	(33,177)
	1,241	3,336
Reconciliation		
Plant and equipment		
Carrying amount at the beginning of the year	3,336	3,307
Additions/disposals	(862)	1,607
Depreciation	(1,233)	(1,578)
Carrying amount at the end of the year	1,241	3,336

NOTE 15: TAX

a. Assets

Deferred tax assets comprise:

Deferred tax assets attributable to realised capital losses	167,694	169,483
Deferred tax assets attributable to tax losses	19,983	1,046
Unrealised (gains)/ losses on investments	2,766	(49,263)
Other temporary differences	8,519	7,674
	198,962	128,940

b. Liabilities

Deferred tax liability comprises:

Other temporary differences	117	108
Total	117	108

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 15 TAX (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
c. Reconciliations		
i. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Deferred tax assets attributable to realised capital losses		
Opening balance	169,483	176,227
Credited to the income statement	(1,789)	(6,744)
Closing balance	167,694	169,483
Deferred tax assets attributable to tax losses		
Opening balance	1,046	34,209
Credited to the income statement	18,937	(33,163)
Closing balance	19,983	1,046
Unrealised (gain)/loss on investments		
Opening balance	(49,263)	23,651
Credited to the reserve	52,029	(72,914)
Closing balance	2,766	(49,263)
Other temporary differences		
Opening balance	7,674	4,634
Credited to the income statement	845	3,040
Closing balance	8,519	7,674
	198,962	128,940
ii. Deferred Tax Liability		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Other temporary differences		
Opening balance	108	2
Credited to the income statement	9	106
Closing balance	117	108

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 16: TRADE AND OTHER PAYABLES

	Note	Consolidated	
		2022	2021
		\$	\$
CURRENT			
Trade payables		153,870	3,507,523
Accrued charges		1,911,131	1,399,208
Prepaid interest		417,732	625,854
Income tax payable		37,278	80,979
Withholding tax		7,409	119,895
		2,527,420	5,733,459
NON CURRENT			
Prepaid interest		191,950	475,356
		191,950	475,356

NOTE 17: BORROWINGS

CURRENT			
Secured			
- Short-term borrowings	17a	70,437	-
- Limited Recourse Secured Notes	17b	175,708,392	132,616,234
- Limited Recourse Secured Notes	17c	20,000,000	72,502,898
		195,778,829	205,119,132

- a. Short-term borrowings are secured by listed securities held in the company's investment and trading portfolios and are repayable on demand. The carrying amounts of assets pledged as security is:

159,857	139,727
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- b. The limited recourse secured notes are secured over unsecured notes. The liability to pay interest and the repayment of the principal on these notes is limited to the receipt of interest and principal, if any, from the issuer of the unsecured notes. Refer Note 11a.

NON CURRENT

Secured			
- Limited Recourse Secured Notes	17c	7,352,898	13,500,000

- c. The limited recourse secured notes are secured over loans and advances to third parties. The liability to pay interest and the repayment of the principal on these notes is limited to the receipt of interest and principal, if any, from the borrowers. Refer Note 11b.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 18: ISSUED CAPITAL

	Note	Consolidated	
		2022	2021
		\$	\$
1,130,313 (2021: 1,100,313) A ordinary shares fully paid	18a	824,900	814,100
1,000,000 (2021: 1,000,000) B ordinary shares fully paid	18b	461,866	461,866
		1,286,766	1,275,966
a. A ordinary shares			
At the beginning of reporting period		814,100	806,869
Shares issued during the year		10,800	7,231
At reporting date		824,900	814,100
b. B ordinary shares			
At the beginning of reporting period		461,866	458,597
Shares issued during the year		-	3,269
At reporting date		461,866	461,866

All ordinary shares rank equally inter se for the purposes of participation in profits or capital of the company.

A ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak, but not to vote at general meetings of the company.

B ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the company.

NOTE 19: RESERVES

Asset revaluation reserve	19a	157,369	236,951
Capital profits	19b	77,301	69,713
Foreign exchange reserve	19c	31,428	11,302
		266,098	317,966

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 19: RESERVES (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
a. Asset revaluation reserve		
Movements during the year		
Opening balance	236,951	62,117
Revaluation of non-current assets	(131,611)	247,748
Provision for tax on unrealised gains	52,029	(72,914)
Closing balance	157,369	236,951
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.		
b. Capital profits reserve		
Movements during the year		
Opening balance	69,713	69,713
Transfer from retained profits	7,588	-
Closing balance	77,301	69,713
The capital profits reserve records realised capital gains upon sale of non-current assets. As the balance of this reserve relates to net realised gains it may be distributed as cash dividends at the discretion of the Directors.		
c. Foreign exchange reserve		
Movements during the year		
Opening balance	11,302	53,364
Transfer to retained profits	20,126	(42,062)
Closing balance	31,428	11,302

NOTE 20: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

Accounting Standards identify three types of risk associated with financial instruments (i.e. the group's investments, receivables, payables and borrowings).

Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over due or considered to be impaired.

The group manages credit risk by regularly monitoring loans and receivable balances. At 30 June 2022, the group had credit exposure with loans and unsecured notes totalling \$203,061,290. The loans and advances are secured over by the holders' interests in various managed investments schemes. These loans and advances have been pledged as security to the holders of the limited recourse secured notes.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group monitors its cash-flow requirements and ensures that it has either cash or access to short term borrowing facilities available sufficient to meet any payments.

The timing of the repayments of principal and interest on the limited recourse notes is equivalent to the timing of the repayment of the principal and interest on the loans and advances and the unsecured notes.

The group's other major cash outflow is the purchase of securities, the level of which is manageable by the Board. Furthermore, a proportion of the group's assets are in the form of readily tradeable securities which can be sold if necessary. The current financial liabilities are shown in Notes 16 and 17.

Market Risk

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

The group is subject to market risk as it invests its capital in securities which are not risk free, i.e. the market price of these securities can fluctuate.

Loans and advances unsecured notes are not subject to market risk. The group's Investment & Trading Portfolios are subject to market risk. A general fall in market prices of 5% or 10%, if spread equally over all assets in the investment and trading portfolios would lead to a reduction in the group's equity of \$109,754 or \$219,508 respectively.

The group seeks to minimise market risk by ensuring that it is not, in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and relevant market sectors are reviewed regularly, and risk can be managed by reducing exposure where appropriate. The group does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

	2022	2021
The group's investment & trading portfolio by sector is as follows:	%	%
Materials	1.58	1.17
Banks	1.06	1.47
Capital goods	7.51	10.80
Commercial	0.82	0.79
Consumer Services	0.54	1.58
Energy and utilities	0.40	0.44
Healthcare Equipment & Services	0.10	0.13
Media and entertainment	1.14	0.23
Food and beverage	0.53	2.08
Food & Staples Retailing	0.10	0.07
Diversified financials	71.22	69.08
Pharmaceuticals, Biotech & Life Sciences	0.09	0.10
Real estate	13.09	10.69
Retailing	0.48	0.38
Telecommunication Services	1.12	0.83
Transportation	-	0.03
Software, hardware & services	0.22	0.13
	100.00	100.00

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Securities representing over 5 per cent of the combined investment and trading portfolio at 30 June 2022 were:

	Portfolio
	%
Hamilton Sirius Fund	32.00
Illuminator Investment Company Limited	10.25
Newcastle Securities and General Trust	9.77
VB Holdings Limited	9.35
Imperial Pacific Limited	9.29
Florin Mining Investment Company Limited	6.44

No other security represents over 5 per cent of the group's investment and trading portfolios.

Interest Rate Risk

The group is exposed to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The risk is managed by the group maintaining an appropriate mix between fixed and floating rate borrowings. The effective average of interest rates on:

- (a) short term borrowings was 6.49% (2021: 5.74%)
- (b) long term borrowings was 6.49% (2021: 5.74%).

As at the 30 June 2022 the group's interest bearing short term borrowings excluding the limited recourse secured notes was \$70,437.

The interest rates on the limited recourse secured notes are fixed for the term of the notes.

The interest rates on the unsecured notes and loans and advances are fixed for the term of the notes and loans and advances.

Accordingly, the group is not exposed to any interest rate risk in relation to the above.

Currency Risk

A proportion of the group's assets are exposed to movements in the value of foreign currencies relative to the Australian dollar. Considering the quantum of the assets in absolute terms as well as relative terms compared to the group's total assets it is not cost-effective to hedge against foreign currency fluctuations.

(b) Fair Value Measurement

The consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Trading portfolio; and
- Investment portfolio.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- (i) Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

- (ii) Measurements based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (iii) Measurements based on inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

The following table provides the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
30 June 2022	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income				
Investment portfolio	1,138,980	1,038,619	-	2,177,599
Financial assets at fair value through profit or loss				
Trading portfolio	17,477	-	-	17,477
Other financial assets at fair value	-	-	203,061,290	203,061,290
Total	1,156,457	1,038,619	203,061,290	205,256,366

	Level 1	Level 2	Level 3	Total
30 June 2021	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income				
Investment portfolio	1,062,287	898,548	-	1,960,835
Financial assets at fair value through profit or loss				
Trading portfolio	31,262	-	-	31,262
Other financial assets at fair value	-	-	218,619,132	218,619,132
Total	1,093,549	898,548	218,619,132	220,611,229

Further information on the determination of the fair value is set out below:

(i) Trading portfolio – Level 1

The company's trading portfolio consists of securities listed on the Australia Stock Exchange and National Stock Exchange. The valuation of listed investments has been obtained on the basis of quoted prices (unadjusted) in an active market for an identical security at 30 June 2022.

(ii) Investment Portfolio – Level 1

The company's Level 1 investments consist of securities listed on the Australian Stock Exchange, National Stock Exchange and other public stock exchanges. The valuation of listed investments has been obtained on the basis of quoted prices (unadjusted) in an active market for an identical security at 30 June 2022.

(iii) Investment Portfolio – Level 2

The company's Level 2 Investment portfolio investments consist of unlisted securities and trusts. For trusts & unlisted securities, the valuations of these investments have been determined on the basis of the company's share of the investment's net assets as at 30 June 2022.

(iv) Unsecured notes and loans and advances – Level 3

The company's Level 3 financial assets consist of unsecured notes and loans and advances. The financial asset and liabilities are carried at amortised cost.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements:

	Consolidated	
	2022	2021
	\$	\$
Opening balance	218,619,132	293,728,543
Issues	121,978,512	85,906,807
Redemptions	(137,536,354)	(161,016,218)
Closing balance	203,061,290	218,619,132

NOTE 21: CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	337,387	449,429
Non-cash flows in profit		
Dividends re-invested	(8,197)	(8,220)
Directors fees – shares issued	10,800	10,500
Write-downs to recoverable amount	3,046	(9,550)
Share of associated companies net profit after income tax and dividends	(64,565)	(41,183)
Decrease in trade and other receivables	227,659	225,928
(Increase)/decrease in the trading portfolio	13,785	(9,703)
Decrease in trade payables and accruals	(537,102)	(291,751)
Decrease in income taxes payable	(54,209)	(457)
Increase in deferred taxes	(19,759)	28,618
Cash flow from operations	(91,155)	303,640

NOTE 22: SEGMENT REPORTING

Pritchard Equity Limited, its controlled and associated entities carry on the business of an investment company and financial services company, within Australia and Fiji.

Description of segments

The Board makes the strategic resource allocations for the group. The group has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions. The Board is responsible for the group's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the group's performance is evaluated on an overall basis. The group invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 22: SEGMENT REPORTING (CONTINUED)

2022	Investments	Financial Services	Structured Finance Products	Total
	\$	\$	\$	\$
Revenue	88,683	168,119	532,529	789,331
Results	(47,433)	10,845	372,770	336,182
Assets	4,328,155	-	205,526,532	209,854,687

2021	Investments	Financial Services	Structured Finance Products	Total
	\$	\$	\$	\$
Revenue	179,993	204,779	507,902	892,674
Results	(56,844)	(1,466)	507,902	449,592
Assets	7,239,965	-	221,286,141	228,526,106

NOTE 23: KEY MANAGEMENT PERSONNEL

The key management personnel of the company and their remuneration is reflected in the Remuneration Report on page 7 of the annual report.

NOTE 24: RELATED PARTY TRANSACTIONS

	Consolidated	
	2022	2021
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
Entities who have Steven Pritchard and Enzo Pirillo as common directors and in which the directors have either a direct or an indirect beneficial interest		
Interest receivable from RAM Investment Partners No.1 Pty Limited	1,137,310	601,615
Purchase/(redemption) of unsecured note from RAM Investment Partners No.1 Pty Ltd	39,285,632	16,503,495
Interest receivable from RAM Investment Partners No.2 Pty Limited	835,176	791,895
Purchase/(redemption) of unsecured note from RAM Investment Partners No.2 Pty Ltd	3,806,527	16,175,094
Accounting fees paid/payable to Rees Pritchard Pty Limited	88,758	72,022
Share registry fees paid to Newcastle Capital Markets Registries Pty Limited	8,407	8,530
Trustee fees payable to Hamilton Asset Management Limited	-	18,333
Entities who have Steven Pritchard and Gordon Elkington as common directors		
Distribution receivable from Tyrex Solutions Unit Trust	66,302	103,787
Units held in Tyrex Solutions Unit Trust	90,000	90,000

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
Entities in which the directors have either a direct or an indirect beneficial interest		
Distribution receivable from Tyrex Solutions Unit Trust	66,302	103,787
Units held in Tyrex Solutions Unit Trust	90,000	90,000
Related party is a director of the company		
Loan payable to Steven Shane Pritchard	15,139	14,807

	Parent	
	2022	2021
	\$	\$
Loans and advances to subsidiaries		
Balance at beginning of year	1,263,105	1,186,419
Advances	25,824	309,441
Repayments	(30,000)	(232,755)
Impairment adjustment	-	-
Closing balance	1,258,929	1,263,105

Loans and advances from subsidiaries		
Balance at beginning of year	75,160	160
Advances	200,000	75,000
Repayments	-	-
Closing balance	275,160	75,160

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2022

Listed below are those securities held in the investment portfolio that are revalued at fair value through other comprehensive income. Individual holdings in the portfolio may change during the course of the year.

	Consolidated	
	2022	2021
Australian Equities	\$	\$
Alexium International Group Limited	2,400	4,900
Alumina Limited	545	612
APA Group Limited	789	623
Appen Limited	163	272
Australia and New Zealand Banking Group Limited	11,918	14,469
Australian Ethical Investments Limited	9,758	17,673
Beach Energy Limited	781	484
Beacon Lighting Group Limited	516	549
Bega Cheese Limited	10,692	16,486
Bendigo and Adelaide Bank Limited	535	619
BHP Billiton Limited	825	972
Boral Limited	-	684
Bounty Oil & Gas NL	2,100	4,800
Bounty Oil & Gas Option expiring 30 Nov 2025	120	-
Brandsmart One Trust	55,645	-
Carindale Property Trust	524	-
Cochlear Limited	1,391	1,762
Costa Group Holdings Limited	515	440
Crown Resorts Limited	-	11,910
CSL Limited	1,883	1,996
Danger Close Rights Holdings Pty Ltd	20,000	20,000
Deterra Royalties Limited	483	418
East 72 Holdings Limited	9	9
Elanor Investors Group	495	567
Endeavour Group Limited	606	113
Event Hospitality and Entertainment Limited	535	518
Florin Mining Investment Company Limited	141,280	119,545
Gowing Bros Limited	437	393
Graincorp Limited	1,056	572
Hamilton Sirius Fund	702,346	538,632
Illuminator Investment Company Limited	225,018	219,096
Iluka Resources Limited	878	851
Imperial Pacific Limited (previously Belmont Holdings Limited)	203,994	172,390
Juno Minerals Limited	105	179
Jupiter Mines Limited	2,925	4,350

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2022 (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
Kalina Power Limited	3,600	-
Kalina Power Limited Option Expiring 27 Aug 2022	-	1,800
Kelsian Group Limited	11,400	-
Ku-ring-gai Financial Services Limited	5,000	5,000
Lend Lease Group	428	-
Link Administration Holdings Limited	368	489
Loftus Peak Disruption Fund	12,500	15,950
Longevity Group Australia Limited	19,620	19,620
Magellan Financial Group Limited	-	539
Magellan Financial Group Option Expiring 16 Apr 2027	1	-
Manuka Resources Limited	14,167	-
Myer Holdings Limited	9,750	7,100
National Australia Bank	575	550
Newcastle Securities & General Trust	214,531	238,649
Newcrest Mining Limited	543	506
NSX Limited	1	1
Octanex Limited	540	1,305
OneMarket Limited	15	15
Orica Limited	915	770
Peter Warren Automotive Holdings Limited	226	-
Qube Holdings Limited	-	504
Ramsay Health Care Limited	879	755
Reece Limited	70,374	120,765
Sealink Travel Group Limited	-	18,960
Shopping Centres Australasia Property Group	748	685
Sundance Resources Limited	6,508	6,508
Tyrex Solutions Unit Trust	90,000	90,000
United Malt Group Limited	392	538
Uniti Group Limited	24,600	16,550
Vaneck Vectors Australian Equal Weight ETF	488	530
Westpac Banking Corporation	10,238	13,550
Winpar Holdings Limited	19,931	-
Woodside Energy Group	892	244
Woolworths Limited	641	686
Xref Limited	4,250	1,830
	1,925,388	1,721,285

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2022 (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
International Equities		
Amalgamated Telecom Holdings Limited	5,861	5,796
Atlantic & Pacific Packaging Company Limited	4,428	2,497
Blue Lagoon Cruises Limited	4,390	4,294
Communications Fiji Limited	4,461	4,013
Kinetic Growth Fund	746	730
Paradise Beverages (Fiji) Limited	-	23,979
RB Patel Group Limited	5,291	5,382
South Pacific Stock Exchange Limited	27,352	26,972
Toyota Tsusho (South Sea) Limited	12,028	9,891
VB Holdings Limited	205,131	187,258
	269,688	270,812
Total Equities	2,195,076	1,992,097

Parent

NOTE 26: PARENT ENTITY FINANCIAL INFORMATION

Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position

Current assets	24,768,978	95,593,965
Total assets	33,549,593	110,550,613
Current liabilities	23,839,296	94,394,762
Total liabilities	31,384,144	108,370,118
Net assets	2,165,449	2,180,495

Equity

Issued capital	1,286,766	1,275,966
Reserves		
Asset revaluation reserve	(72,982)	(34,909)
Capital profits reserve	55,597	55,597
Retained earnings	896,068	883,841
Total equity	2,165,449	2,180,495

Profit for the year

12,227 **168,833**

Total comprehensive income

(25,846) **184,945**

PRITCHARD EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 27: SUBSEQUENT EVENTS TO REPORTING DATE

At balance date, loans and advances in Note 11 amounting to \$5,000,000 has reached their 4-year term maturity dates and were overdue for repayment. Subsequent to the balance date the company issued notices of demand to the borrowers. Upon this, the company is considered to have fully recovered all overdue loans and advances, and also satisfied its corresponding liabilities and obligations under the limited recourse secured notes in Note 17.

Apart from the above no other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

NOTE 28: COMPANY DETAILS

The registered office and principal place of business of Pritchard Equity Limited is:

10 Murray Street

Hamilton

New South Wales 2303

PRITCHARD EQUITY LIMITED

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Pritchard Equity Limited:

a.

The financial statements and notes as set out on pages 9 to 38 are in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Steven Shane Pritchard
Director

Enzo Pirillo
Director

12 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRITCHARD EQUITY LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Pritchard Equity Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:

- a) The financial report of Pritchard Equity Limited is in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Company in accordance with 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.

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. For each matter below, our description of how our audit addressed each matter is provided in that context.

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For our office locations visit www.pkf.com.au

Key Audit Matters (cont'd)

1. Recognition and classification of Structured Products

Why significant

As at 30 June 2022, a significant proportion of the consolidated entity's assets (97%) and liabilities (99%) are in structured finance products related to significant investor visa's ("SIVs"). The fair value of these financial assets is \$203,061,290 (2021: \$218,619,132) and the fair value of liabilities is \$203,061,290 (2021: \$218,619,132) as disclosed in Notes 11 and 17 of the financial report.

The assets are classified as 'level 3' financial instruments in accordance with the classification under Australian Accounting Standards where measurements are based on unobservable inputs. Accordingly, the financial assets and liabilities are carried at amortised cost. Refer to Note 20 (b) for the fair value hierarchy.

Based on the above, we have considered the completeness and existence of the related assets and liabilities to be a Key Audit Matter.

How our audit addressed the key audit matter

We have audited the following documentation in relation to the structured finance products:

- Assessing the relevant legal agreements including contracts, note deeds and investment agreements to identify and confirm the existence and treatment of rights and obligations therein;
- Testing the reconciliations completed by management to ensure interest calculations and current and non-current classifications of the related assets and liabilities are correct.

We also assessed the appropriateness of the related disclosures in Notes 11 and 17.

Key Audit Matters (cont'd)

2. Valuation & Existence of Trading & Investment Portfolios

Why significant

As at 30 June 2022, the consolidated entity's assets included trading and investment securities. The fair value of these assets is \$2,195,076 (2021: \$1,992,097) as disclosed in Notes 10 and 12 of the financial report.

Of these assets, \$1,156,457 were listed securities classified as 'level 1' financial instruments in accordance with the classification under Australian Accounting Standards where quoted prices in active markets are available for identical assets. The remaining \$1,038,619 were unlisted securities classified as 'level 2' financial instruments where inputs other than quoted prices included in level 1 that are observable for the asset are used.

Refer to Note 1(j) for details of these assets and Note 20(b) for the fair value hierarchy.

Based on the above, we have considered the valuation and existence of financial assets to be a Key Audit Matter.

How our audit addressed the key audit matter

We performed substantive testing on a sample of financial assets. This included, but was not limited to, the following:

- agreeing the quantity of securities held and recognised in the financial report to external independent trading registers;
- confirming the market value as at 30 June 2022 using reputable and active trading websites such as the Australian Securities Exchange ("ASX"), New York Stock Exchange ("NYSE") and London Stock Exchange ("LSE");
- confirming international shares are converted to Australian dollars using appropriate foreign exchange rates and the value of shares are accounted for appropriately at 30 June 2022;
- reviewing the financial statements of unlisted investments to ensure that the investment is not impaired; and
- reviewing reconciliations prepared by management and supporting documentation to confirm market movements. This included agreeing the gain/loss incurred throughout the period to transaction reports.

We also assessed the appropriateness of the related disclosures in Notes 1(j), 10 and 12.

Other Information

Other information is financial and non-financial information in the annual report of the company which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Pritchard Equity 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.



PKF



MARTIN MATTHEWS
PARTNER

12 SEPTEMBER 2022
NEWCASTLE, NSW

PRITCHARD EQUITY LIMITED

STOCK EXCHANGE INFORMATION

Top 20 A Ordinary Shareholders as at 5 September 2022

Shareholder	Shares	% of Issued
Pritchard & Company Pty Ltd	505,645	44.73
Dr Gordon Bradley Elkington	57,901	5.12
Illuminator Investment Company Limited	44,040	3.90
Hamilton Capital Pty Ltd	42,328	3.74
WCL Nominees Pty Ltd	31,281	2.77
Fuggle Nominees Pty Limited	29,750	2.63
Newcastle Capital Markets Registries Pty Limited	28,610	2.53
Longbow Croft Capital Pty Limited	28,565	2.53
Mr Steven Shane Pritchard	27,845	2.46
Mrs Aija Valija Mackenzie	27,795	2.46
Wilcorp No. 41 Pty Limited	22,778	2.02
Abelia Grove Pty Ltd	20,460	1.81
Hamilton Asset Management Limited	19,065	1.69
Mr Enzo Pirillo	16,886	1.49
Mrs Milly Elkington	14,530	1.29
Mr John MacNaughtan & Mrs Josephine MacNaughtan	12,500	1.11
Mr Douglas Robert Graham Neild	8,940	0.79
Mark Jon Tovey	7,960	0.70
Margaret Diane Murphy	7,960	0.70
Diane Gardner	7,960	0.70
Dean Frances Coupland + Keitha Kim Coupland	7,960	0.70
Anthony Illingworth	7,960	0.70
Tammy Mitchum & Ray Mitchum	7,960	0.70
LA Milt Pty Ltd	7,960	0.70
Wayne John Dixon + Mrs Brenda Karen Dixon	7,960	0.70
Richard Benjamin Cook + Kim Elizabeth Cook	7,960	0.70
Diamantina Superannuation Pty Ltd	7,960	0.70
Steven Pritchard Investments Pty Limited	7,855	0.69
	1,026,374	90.80

Number of A ordinary shares held

Number of Shareholders

1 – 1,000	17
1,001 – 5,000	32
5,001 – 10,000	18
10,001 – 100,000	15
100,001 and over	1

PRITCHARD EQUITY LIMITED

STOCK EXCHANGE INFORMATION

Top 20 B Ordinary Shareholders as at 5 September 2022

Shareholder	Shares	% of Issued
Pritchard & Company Pty Ltd	512,500	51.25
Mr Steven Shane Pritchard	63,113	6.32
Dr Gordon Bradley Elkington	58,314	5.83
Mr Enzo Pirillo	43,114	4.31
WCL Nominees Pty Ltd	31,281	3.13
Hamilton Capital Pty Ltd	28,000	2.80
Mr Trevor Hansen & Ms Zoe Kathryn Greenwood	26,100	2.61
Mrs Margaret Jane Pritchard	25,000	2.50
Fuggle Nominees Pty Limited	25,000	2.50
Mrs Aija Valija Mackenzie	23,330	2.33
Wilcorp No 41 Pty Limited	19,168	1.92
Abelia Grove Pty Limited	17,230	1.72
Illuminator Investment Company Limited	17,000	1.70
Longbow Croft Capital Pty Limited	13,500	1.35
Newcastle Capital Markets Registries Pty Limited	16,000	1.60
Mr John Gilbert & Mrs Janet Gilbert	5,000	0.50
Mr John Barry Roberts & Mrs Judith Elizabeth Roberts	5,000	0.50
Jarfem Pty Ltd	5,000	0.50
Winpar Holdings Limited	5,000	0.50
Hamilton Asset Management Limited	3,000	0.30
	941,650	94.17

Number of B ordinary shares held

Number of Shareholders

1 – 1,000	31
1,001 – 5,000	21
5,001 – 10,000	1
10,001 – 100,000	14
100,001 and over	1

Substantial Shareholders

As at 5 September 2022 the names and holdings of substantial shareholders as disclosed in notices received by the company are as follows:

Substantial Shareholder	B Ordinary shares	% of total
Steven Shane Pritchard	642,113	64.21

PRITCHARD EQUITY LIMITED

CORPORATE DIRECTORY

Directors

Steven Shane Pritchard – Executive Chairman
Enzo Pirillo
Gordon Bradley Elkington

Secretary

Enzo Pirillo

Principal Place of Business and Registered Office

10 Murray Street
Hamilton NSW 2303
Telephone (02) 4920 2877
Facsimile (02) 4920 2878

Accountants

Rees Pritchard Pty Limited
10 Murray Street
Hamilton NSW 2303
Telephone (02) 4920 2877
Facsimile (02) 4920 2878

Auditors

PKF Newcastle & Sydney
755 Hunter Street
Newcastle West NSW 2302
Telephone (02) 4962 2688
Facsimile (02) 4962 3245

Solicitors

Baker & McKenzie
Level 27, AMP Centre
50 Bridge Street
Sydney NSW 1223
Telephone (02) 9225 0200
Facsimile (02) 9225 1595

Share Registry

Newcastle Capital Markets Registries Pty Limited
10 Murray Street
Hamilton NSW 2303
Telephone (02) 4920 2877
Facsimile (02) 4920 2878

Stockbroker and Nominated Advisers

Pritchard & Partners Pty Limited
10 Murray Street
Hamilton NSW 2303
Telephone (02) 4920 2877
Facsimile (02) 4920 2878