



# **PRITCHARD EQUITY LIMITED**

## **TWENTIETH ANNUAL REPORT**

**2021**

**Pritchard Equity Limited** ABN 80 100 517 404

10 Murray Street Hamilton NSW 2303 • P O Box 413 Hamilton, NSW Australia 2303 • Telephone: 02 4920 2877 • Facsimile: 02 4920 2878  
Email: [mail@pritchards.com.au](mailto:mail@pritchards.com.au) • Webpage: [www.pritchards.com.au](http://www.pritchards.com.au)

# CONTENTS

	Page
Financial Highlights	1
Executive Chairman's Letter	2
Directors' Report	4
Remuneration Report	7
Auditor's Independence Declaration	8
Corporate Governance Statement	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	40
Independent Audit Report	41
Stock Exchange Information	47
Corporate Directory	49

# **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	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
<b>Income Statement</b>					
Total income	892,674	944,047	741,968	591,948	530,413
Total expenses	(297,502)	(346,598)	(312,055)	(257,338)	(221,356)
Operating profit / (loss) before income tax	595,172	597,449	429,913	334,610	309,057
Income tax benefit/ (expense)	(145,743)	(152,162)	(119,598)	(93,135)	(100,640)
Operating profit/ (loss) after income tax	449,429	445,287	310,315	241,475	208,417
Minority interests	163	(7,631)	(4,621)	(4,473)	15
Discontinued operations	-	-	-	(254)	-
Profit / (loss) attributable to shareholders of Pritchard Equity Limited	449,592	437,656	305,694	236,748	208,432
<b>Statement of Financial Position</b>					
Total assets	228,526,106	305,865,524	286,656,458	304,398,909	291,560,556
Total liabilities	224,828,055	302,785,045	284,041,705	302,186,196	289,692,838
Total shareholders' equity	3,698,051	3,080,479	2,614,753	2,212,713	1,867,718
Pritchard Equity Limited shareholders' equity	3,688,369	3,061,784	2,603,667	2,206,502	1,866,003
<b>Share Information</b>					
Basic earnings per ordinary share (cents per share)	21.41	21.14	15.55	12.24	10.95
Growth in earnings per ordinary share (%)	1.3	36	27	11	374
Net assets per ordinary share (cents per share)	176	149	128	114	98
Share price at end of period					
— A Ordinary shares	0.36	0.35	0.30	0.30	0.30
— B Ordinary shares	0.36	0.36	0.35	0.30	0.30
Issued capital (number of shares)					
— A Ordinary shares	1,100,313	1,079,654	1,079,654	1,048,373	1,048,373
— B Ordinary shares	1,000,000	990,659	960,659	899,378	869,378
<b>Key Measures</b>					
Return on average ordinary shareholders' equity (%)	13.26	16.54	12.66	11.60	11.97
Return on average assets (%)	0.16	0.15	0.10	0.08	0.11
Gearing ratio (%)	0	0	4.4	5.1	5.3

# PRITCHARD EQUITY LIMITED

## EXECUTIVE CHAIRMAN'S LETTER

Dear Fellow Shareholders

We are pleased to announce a record operating profit for the year of \$449,592.

### Results

The consolidated net operating profit after tax for the year increased by 2% to \$449,592 compared to last year's profit of \$437,656.

Earnings per share increased to 21.41 cents per share, compared to 21.14 cents per share last year, whilst net assets per ordinary share was \$1.76 per share at year end compared to \$1.49 per share last year.

The Group currently has no borrowings (after excluding the limited recourse borrowings in the structured finance business), reflecting your directors' continuing belief that current conditions are not conducive to increasing the level of borrowings to acquire additional assets.

### 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 fell from \$539,493 last year to \$507,902 in the current. We expect that the revenue from this business will continue to decline as the existing structured finance products mature.

### Unlisted investments

#### Hamilton Capital Proprietary Limited ([www.hamiltonam.com.au](http://www.hamiltonam.com.au))

Hamilton Capital Proprietary Limited is the holding company for Hamilton Asset Management Limited. During the year the Group's marginally increased its holding in its in Hamilton Capital Proprietary Limited to 45.76% from the 45.11% it held previously.

Hamilton Capital Proprietary Limited's current year equity accounted contribution to our results was a profit of \$27,792, compared to the prior year of \$41,183.

During the course of the year, Hamilton Asset Management Limited redeemed the majority of units in the Hamilton Investment Fund as given the current low interest rate environment it didn't believe it was in the interest of the investors in that Fund for the Fund to continue. Many of majority of the investors in Hamilton Investment Fund re invested the redemption proceeds into the Hamilton Sirius Fund.

The Hamilton Sirius Fund had a successful year, with the Fund providing an annual return to investors of 29% and the total assets of the Fund being \$2,184,380 at 30 June 2021

Hamilton is working on launching a new website to assist in the promotion of its investment funds.

#### FijiStock Brokers Pte. Limited ([www.fijistockbrokers.com.fj](http://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](http://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](http://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.

During the year, Tyrex Holdings Pty Limited was incorporated and acquired all of the shares in Tyrex Solutions Pty Limited from the existing shareholders in Tyrex Solutions Pty. Limited in exchange for an equivalent number of shares in Tyrex Holdings Pty Limited.

## PRITCHARD EQUITY LIMITED

An opportunity arose during the year to acquire some additional shares in Tyrex Holdings Pty Limited which allowed the Group to increase its holding to 28.13%, and as a result Tyrex Holdings Pty Limited results are now equity accounted into the Groups financial results.

### 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 group has not encountered any adverse effects as a result of Covid19.



Steven Pritchard  
Chairman  
13 September 2021

# 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 2021. 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 company'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 \$449,592 compared to a profit of \$437,656 last year.

### Financial Position

The net assets of the group as at 30 June 2021 were \$3,698,051 compared to \$3,080,479 as at 30 June 2020, an increase of \$617,572.

The group continues to maintain a strong liquidity position, and currently holds cash and readily realisable assets of \$5,398,695.

### 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 \$17,000,000 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, and proceeded to close out to the borrower's loans in accordance with the respective loan and security agreements. 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

<b>Steven Shane Pritchard</b>	—	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	—	674,072 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 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),
<b>Enzo Pirillo</b>	—	Director (Executive) and Company Secretary
Qualifications	—	B Com, CPA, F Fin
Experience	—	Director and company secretary since 14 September 2005
Interest in shares	—	148,505 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
<b>Gordon Bradley Elkington</b>	—	Director (Non-Executive)
Qualifications	—	B Sc, M Sc, Ph D, LLM
Experience	—	Director since 12 December 2005
Interest in shares	—	45,521 A Ordinary shares 58,814 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, twenty six 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	25	25	1	1
Enzo Pirillo	25	25	1	1
Gordon Elkington	25	25	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 2021 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

13 September 2021

**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 (2020: two executives), both of whom are directors of the company.

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

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

2020	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 2021, 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

13 SEPTEMBER 2021  
NEWCASTLE, NSW

# 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 2021

	Note	Consolidated Year to 30 June 2021			Consolidated Year to 30 June 2020		
		Revenue	Capital	Total	Revenue	Capital	Total
		\$	\$	\$	\$	\$	\$
Income from investment portfolio	3a	79,840	-	79,840	48,769	-	48,769
Income from trading portfolio	3b	3,978	-	3,978	425	-	425
Income from deposits	3c	7,215	-	7,215	14,694	-	14,694
Income from the provision of services	3d	204,779	-	204,779	299,483	-	299,483
Income from structured finance products	3e	507,902	-	507,902	539,493	-	539,493
Share of net profit of associated company		88,960	-	88,960	41,183	-	41,183
<b>Total income from ordinary activities</b>		<b>892,674</b>	<b>-</b>	<b>892,674</b>	<b>944,047</b>	<b>-</b>	<b>944,047</b>
Auditors remuneration		54,706	-	54,706	42,549	-	42,549
ASIC fees		28,744	-	28,744	24,687	-	24,687
Bank charges		2,140	-	2,140	2,590	-	2,590
Depreciation expense		1,578	-	1,578	1,356	-	1,356
Employee expenses		64,199	-	64,199	70,840	-	70,840
Finance costs		214	-	214	1,548	-	1,548
Listing fees		13,328	-	13,328	14,876	-	14,876
Net realised foreign exchange loss/ (gain)		(13,199)	-	(13,199)	(10,898)	-	(10,898)
Share registry fees		8,530	-	8,530	8,646	-	8,646
Administration expenses		137,262	-	137,262	190,404	-	190,404
		297,502	-	297,502	346,598	-	346,598
<b>Operating profit before income tax</b>		<b>595,172</b>	<b>-</b>	<b>595,172</b>	<b>597,449</b>	<b>-</b>	<b>597,449</b>
Income tax expense	4a	(145,743)	-	(145,743)	(152,162)	-	(152,162)
<b>Operating profit after income tax</b>		<b>449,429</b>	<b>-</b>	<b>449,429</b>	<b>445,287</b>	<b>-</b>	<b>445,287</b>
Loss/ (profit) attributable to non-controlling interest		163	-	163	(7,631)	-	(7,631)
<b>Operating profit attributable to members of the company</b>		<b>449,592</b>	<b>-</b>	<b>449,592</b>	<b>437,656</b>	<b>-</b>	<b>437,656</b>
<b>Other comprehensive income</b>							
<b>Items that will not be reclassified subsequently to profit or loss</b>							
Net revaluation of non-current assets		-	174,834	174,834	-	(6,804)	(6,804)
Net realised gains on sale of long-term investments		-	24,871	24,871	-	20,014	20,014
Foreign currency translation		-	(42,062)	(42,062)	-	(3,249)	(3,249)
Total other comprehensive income for the year		-	157,643	157,643	-	9,961	9,961
<b>Total comprehensive income for the year</b>		<b>449,592</b>	<b>157,643</b>	<b>607,235</b>	<b>437,656</b>	<b>9,961</b>	<b>447,617</b>
<b>Overall Operations</b>							
Basic earnings per share (cents per share)	7			21.41			21.14
Diluted earnings per share (cents per share)	7			21.41			21.14

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Consolidated	
		2021	2020
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	4,305,146	7,031,266
Trade and other receivables	9	2,413,670	2,394,867
Trading portfolio	10	31,262	21,558
Income tax receivable		9,339	307
Financial assets	11	205,119,132	269,875,645
<b>TOTAL CURRENT ASSETS</b>		<b>211,878,549</b>	<b>279,323,643</b>
<b>NON-CURRENT ASSETS</b>			
Investment portfolio	12	1,960,835	1,262,098
Investment in associate accounted for using the equity method	13(a)	640,224	542,287
Trade and other receivables	9	414,222	642,570
Financial assets	11	13,500,000	23,852,898
Plant and equipment	14	3,336	3,307
Deferred tax assets	15	128,940	238,721
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,647,557</b>	<b>26,541,881</b>
<b>TOTAL ASSETS</b>		<b>228,526,106</b>	<b>305,865,524</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	5,733,459	3,368,705
Borrowings	17	205,119,132	274,825,645
<b>TOTAL CURRENT LIABILITIES</b>		<b>210,852,591</b>	<b>278,194,350</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	16	475,356	737,795
Borrowings	17	13,500,000	23,852,898
Deferred tax liabilities	15	108	2
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,975,464</b>	<b>24,590,695</b>
<b>TOTAL LIABILITIES</b>		<b>224,828,055</b>	<b>302,785,045</b>
<b>NET ASSETS</b>		<b>3,698,051</b>	<b>3,080,479</b>
<b>EQUITY</b>			
Issued capital	18	1,275,966	1,265,466
Reserves	19	317,966	185,194
Retained earnings		2,094,437	1,611,124
Equity attributable to equity holders of the parent		3,688,369	3,061,784
Minority equity interest		9,682	18,695
<b>TOTAL EQUITY</b>		<b>3,698,051</b>	<b>3,080,479</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Issued Capital	Foreign Currency Reserve	Asset Revaluation Reserve	Capital Profits Reserve	Retained Earnings	Total	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>								
<b>Balance at 1 July 2019 as reported</b>	<b>1,254,966</b>	<b>56,613</b>	<b>68,921</b>	<b>69,713</b>	<b>1,153,454</b>	<b>2,603,667</b>	<b>11,086</b>	<b>2,614,753</b>
Shares issued during the year	10,500	-	-	-	-	10,500	-	10,500
Profit for the year	-	-	-	-	437,656	437,656	7,631	445,287
<b>Other comprehensive income</b>								
Revaluation of non current assets (net of tax)	-	-	(6,804)	-	-	(6,804)	-	(6,804)
Net capital losses for the year	-	-	-	-	20,014	20,014	-	20,014
Foreign currency exchange reserve	-	(3,249)	-	-	-	(3,250)	(22)	(3,272)
Total other comprehensive income	-	(3,249)	(6,804)	-	20,014	9,961	-	9,961
Total comprehensive income for the year	-	(3,249)	(6,804)	-	457,670	447,617	-	447,617
<b>Balance at 30 June 2020</b>	<b>1,265,466</b>	<b>53,364</b>	<b>62,117</b>	<b>69,713</b>	<b>1,611,124</b>	<b>3,061,784</b>	<b>18,695</b>	<b>3,080,479</b>
<b>Balance at 1 July 2020 as reported</b>	<b>1,265,466</b>	<b>53,364</b>	<b>62,117</b>	<b>69,713</b>	<b>1,611,124</b>	<b>3,061,784</b>	<b>18,695</b>	<b>3,080,479</b>
Shares issued during the year	10,500	-	-	-	-	10,500	-	10,500
Profit for the year	-	-	-	-	449,592	449,592	(163)	449,429
<b>Other comprehensive income</b>								
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)	-
<b>Balance at 30 June 2021</b>	<b>1,275,966</b>	<b>11,302</b>	<b>236,951</b>	<b>69,713</b>	<b>2,094,437</b>	<b>3,688,369</b>	<b>9,682</b>	<b>3,698,051</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		2021	2020
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		(46,197)	23,682
Sales from trading portfolio		9,168	27,235
Purchases for trading portfolio		(14,929)	(1,980)
Brokerage received		72,893	190,272
Interest received		6,067,752	7,409,530
Dividends received		9,357	7,528
Distributions received		17,771	29,485
Other fees received		172,503	16,500
Withholding tax received		7,446	90,450
Other receipts		111,389	81,908
		<hr/>	<hr/>
		6,407,153	7,874,610
Administration expenses		(292,551)	(343,730)
Bank charges		(2,137)	(2,590)
Finance costs		(5,691,241)	(7,001,065)
Withholding tax paid		-	(187,206)
Income tax paid		(117,584)	(163,697)
Net cash provided by operating activities	21a	<hr/>	<hr/>
		303,640	176,322
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales from investment portfolio		325,772	98,458
Purchases for investment portfolio		(770,104)	(312,683)
Purchases of other assets		(1,607)	(1,616)
Loans and advances		(78,555,304)	(65,618,200)
Repayment of loans and advances		53,278,218	43,666,639
Net cash used in investing activities		<hr/>	<hr/>
		(25,723,025)	(22,167,402)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of notes		80,956,807	66,128,160
Repayment for the redemption of notes		(58,228,218)	(38,831,681)
Net cash provided by/ (used in) financing activities		<hr/>	<hr/>
		22,728,589	27,296,479
Net (decrease)/ increase in cash held		(2,690,796)	5,305,399
Cash at beginning of financial year		7,031,266	1,718,201
Effects of exchange rate changes on the balance of cash held in foreign currencies		(35,324)	4,574
Cash at end of financial year	8	<hr/>	<hr/>
		<b>4,305,146</b>	<b>7,031,266</b>

The accompanying notes form part of these financial statements.



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### 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 2021 ("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 13 September 2021.

#### **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 2021

### 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 2021

### 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 2021

### 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 2021

### 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 (%)*	
		2021	2020
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	80
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 2021

### NOTE 3: REVENUE

	Consolidated	
	2021	2020
	\$	\$
<b>a. Income from investment portfolio</b>		
— dividends received	16,853	13,979
— trust distributions received	62,987	34,790
<b>Total Income from investment portfolio</b>	<b>79,840</b>	<b>48,769</b>
<b>b. Income from trading portfolio</b>		
— sales revenue	9,180	27,273
— cost of sales	(5,202)	(26,848)
— net profit from trading portfolio	3,978	425
<b>Total Income from trading portfolio</b>	<b>3,978</b>	<b>425</b>
<b>c. Income from deposits</b>		
— interest received	7,215	14,694
<b>Total Income from deposits</b>	<b>7,215</b>	<b>14,694</b>
<b>d. Income from the provision of services</b>		
— brokerage received	55,972	195,028
— other income received	148,807	104,455
<b>Total Income from the provision of services</b>	<b>204,779</b>	<b>299,483</b>
<b>e. Income from structured finance products</b>		
— fees received	10,000	15,000
— interest received	7,904,275	9,950,334
— interest paid	(5,793,357)	(6,450,560)
— acquisition fees	(1,613,016)	(2,975,281)
<b>Total Income from structured finance products</b>	<b>507,902</b>	<b>539,493</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 4: INCOME TAX EXPENSE

	Note	Consolidated	
		2021	2020
		\$	\$
a.	The components of tax expense comprise:		
		433	3,282
		(115,947)	(132,851)
	15	(106)	80
	15	(30,123)	(22,673)
		<b>(145,743)</b>	<b>(152,162)</b>
b.	The prima facie tax on profit from ordinary activities before income expense is reconciled to the income tax as follows:		
		178,552	179,235
		3,219	2,496
		1,747	3,652
		26,688	12,356
		236	-
		-	3,386
		(2,287)	-
		3,206	5,925
		-	(742)
		<b>145,743</b>	<b>152,162</b>
c.	Decrease in deferred tax assets relating to capital gains tax on the movement in unrealised gains/ losses in the investment portfolio		
		(72,914)	(5,466)

### NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for

— auditing the financial report	<b>54,706</b>	<b>42,549</b>
---------------------------------	---------------	---------------

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 6: DIVIDENDS

	Consolidated	
	2021	2020
	\$	\$
<b>a. Dividend Paid</b>		
No dividends paid (2020: no dividends paid)	-	-
<b>b. Dividends declared</b>		
No dividends declared (2020: no dividends declared).	-	-
<b>c. Franking account</b>	<b>862,229</b>	<b>763,284</b>
Impact on franking account balance of dividends not recognised	-	-

### NOTE 7: EARNINGS PER SHARE

	Consolidated	
	2021	2020
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	2,087,738	2,056,215
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	2,087,738	2,056,215
<b>a. Basic and diluted earnings per share</b>	<b>\$</b>	<b>\$</b>
Profit attributable to members of the group	449,592	437,656
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21.41	21.14
Diluted earnings per share	21.41	21.14



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2021	2020
	\$	\$
Cash at bank	4,122,456	6,740,546
Deposits at call	166,767	266,272
Term deposit	15,923	24,448
	<b>4,305,146</b>	<b>7,031,266</b>

The effective interest rate on deposits at call was 0.50% (2020: 1.25%).

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	4,305,146	7,031,266
	<b>4,305,146</b>	<b>7,031,266</b>

### NOTE 9: TRADE AND OTHER RECEIVABLES

#### CURRENT

Dividends and trust distributions receivable	103,787	8,659
Goods and services tax refund	20,667	78,371
Other debtors	349,928	69,865
Accrued income	1,393,885	1,284,738
Loan acquisition fees prepaid	545,403	953,234
	<b>2,413,670</b>	<b>2,394,867</b>

#### NON CURRENT

Loan acquisition fees prepaid	414,222	642,570
	<b>414,222</b>	<b>642,570</b>

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	<b>31,262</b>	<b>21,558</b>
----------	---------------	---------------

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 11: FINANCIAL ASSETS

	Note	Consolidated	
		2021	2020
		\$	\$
CURRENT			
- Unsecured notes	11a	132,616,234	99,937,644
- Loans and advances	11b	72,502,898	169,938,001
		<b>205,119,132</b>	<b>269,875,645</b>

### NON CURRENT

#### Secured

- Loans and advances	11b	13,500,000	23,852,898
		<b>13,500,000</b>	<b>23,852,898</b>

- 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	1,062,287	980,399
	<b>1,062,287</b>	<b>980,399</b>

#### Unlisted Investments, at fair value

- Shares and trust units	898,548	281,699
	<b>1,960,835</b>	<b>1,262,098</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### 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		
				2021 %	2020 %	2021 \$	2020 \$	
Unlisted:								
Hamilton Capital Pty Limited	Investing	Australia	Ordinary	45.76	45.11	578,156	542,287	
Tyrex Holdings Pty Limited	Manufacturing	Australia	Ordinary	28.13	-	62,068	-	
						640,224	542,287	
						Note	Consolidated	
							2021 \$	2020 \$
a. Movements during the year in equity accounted investment in associates								
Balance at beginning of the financial year							542,287	501,104
Add: New investments during the year							8,977	18,768
Share of associates' profit after income tax						13b	88,960	8,444
Balance at end of the financial year							640,224	542,287
b. Equity accounted profit of associates are broken down as follows:								
Share of associate's profit before income tax (expense)/ benefit							98,656	42,094
Share of associate's income tax expense							(9,696)	(911)
Share of associate's profit/ (loss) after income tax							88,960	41,183
c Summarised presentation of aggregate assets, liabilities and performance of associates								
Current assets							1,821,845	886,249
Non-current assets							1,845,631	1,221,952
Total assets							3,667,476	2,108,201
Current liabilities							1,497,627	287,988
Non-current liabilities							171,917	273,742
Total liabilities							1,669,544	561,730
Net assets							1,997,932	1,546,471
Revenues							1,626,888	387,662
Profit after income tax of associates							278,180	91,300

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 14: PLANT AND EQUIPMENT

	Consolidated	
	2021	2020
	\$	\$
<b>Plant and equipment</b>		
At cost	36,513	34,906
Accumulated depreciation	(33,177)	(31,599)
	<b>3,336</b>	<b>3,307</b>
<b>Reconciliation</b>		
Plant and equipment		
Carrying amount at the beginning of the year	3,307	3,041
Additions	1,607	1,622
Depreciation	(1,578)	(1,356)
Foreign exchange difference	-	-
Carrying amount at the end of the year	<b>3,336</b>	<b>3,307</b>

### NOTE 15: TAX

#### a. Assets

Deferred tax assets comprise:

Deferred tax assets attributable to realised capital losses	169,483	176,227
Deferred tax assets attributable to tax losses	1,046	34,209
Unrealised (gains)/ losses on investments	(49,263)	23,651
Other temporary differences	7,674	4,634
	<b>128,940</b>	<b>238,721</b>

#### b. Liabilities

NON-CURRENT

Deferred tax liability comprises:

Other temporary differences	108	2
Total	<b>108</b>	<b>2</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 15 TAX (CONTINUED)

	Consolidated	
	2021	2020
	\$	\$
<b>c. Reconciliations</b>		
<b>i. Deferred Tax Assets</b>		
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	176,227	175,758
Credited to the income statement	(6,744)	469
Closing balance	169,483	176,227
Deferred tax assets attributable to tax losses		
Opening balance	34,209	55,250
Credited to the income statement	(33,163)	(21,041)
Closing balance	1,046	34,209
Unrealised (gain)/ loss on investments		
Opening balance	23,651	29,117
Credited to the reserve	(72,914)	(5,466)
Closing balance	(49,263)	23,651
Other temporary differences		
Opening balance	4,634	5,991
Credited to the income statement	3,040	(1,357)
Closing balance	7,674	4,634
	<b>128,940</b>	<b>238,721</b>
<b>ii. Deferred Tax Liability</b>		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Other temporary differences		
Opening balance	2	82
Credited to the income statement	106	(80)
Closing balance	108	2

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 16: TRADE AND OTHER PAYABLES

	Note	Consolidated	
		2021	2020
		\$	\$
CURRENT			
Trade payables		3,507,523	917,116
Accrued charges		1,399,208	1,180,460
Prepaid interest		625,854	1,092,392
Income tax payable		80,979	73,572
Withholding tax		119,895	105,165
		<b>5,733,459</b>	<b>3,368,705</b>
NON CURRENT			
Prepaid interest		475,356	737,511
Withholding tax		-	284
		<b>475,356</b>	<b>737,795</b>

### NOTE 17: BORROWINGS

#### CURRENT

##### Secured

- Short-term borrowings	17a	-	-
- Limited Recourse Secured Notes	17b	132,616,234	99,937,644
- Limited Recourse Secured Notes	17c	72,502,898	174,888,001
		205,119,132	274,825,645
		<b>205,119,132</b>	<b>274,825,645</b>

- 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:

<b>139,727</b>	<b>108,417</b>
----------------	----------------

- 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	<b>13,500,000</b>	<b>23,852,898</b>
----------------------------------	-----	-------------------	-------------------

- 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 2021

### NOTE 18: ISSUED CAPITAL

	Note	Consolidated	
		2021	2020
		\$	\$
1,100,313 (2020: 1,079,654) A ordinary shares fully paid	18a	814,100	806,869
1,000,000 (2020: 960,659) B ordinary shares fully paid	18b	461,866	458,597
		<b>1,275,966</b>	<b>1,265,466</b>
<b>a. A ordinary shares</b>			
At the beginning of reporting period		806,869	806,869
Shares issued during the year		7,231	-
At reporting date		<b>814,100</b>	<b>806,869</b>
<b>b. B ordinary shares</b>			
At the beginning of reporting period		458,597	448,097
Shares issued during the year		3,269	10,500
At reporting date		<b>461,866</b>	<b>458,597</b>

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	236,951	62,117
Capital profits	19b	69,713	69,713
Foreign exchange reserve	19c	11,302	53,364
		<b>317,966</b>	<b>185,194</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 19: RESERVES (CONTINUED)

	Consolidated	
	2021	2020
	\$	\$
<b>a. Asset revaluation reserve</b>		
<b>Movements during the year</b>		
Opening balance	62,117	68,921
Revaluation of non-current assets	247,748	(1,338)
Provision for tax on unrealised gains	(72,914)	(5,466)
Closing balance	<b>236,951</b>	<b>62,117</b>
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve		
<b>b. Capital profits reserve</b>		
<b>Movements during the year</b>		
Opening balance	69,713	69,713
Transfer from retained profits	-	-
Closing balance	<b>69,713</b>	<b>69,713</b>
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.		
<b>c. Foreign exchange reserve</b>		
<b>Movements during the year</b>		
Opening balance	53,364	56,613
Transfer to retained profits	(42,062)	(3,249)
Closing balance	<b>11,302</b>	<b>53,364</b>

### 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 2021, the group had credit exposure with loans totalling \$218,619,132. 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 2021

### 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 \$99,605 or \$199,210 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.

	2021	2020
The group's investment & trading portfolio by sector is as follows:	%	%
Materials	1.17	3.08
Banks	1.47	1.54
Capital goods	10.80	9.76
Commercial	0.79	0.94
Consumer Services	1.58	0.02
Energy and utilities	0.44	0.93
Healthcare Equipment & Services	0.13	0.19
Media	0.23	0.40
Food and beverage	2.08	3.57
Food & Staples Retailing	0.07	0.06
Diversified financials	69.08	62.32
Pharmaceuticals, Biotech & Life Sciences	0.10	0.18
Real estate	10.69	16.46
Retailing	0.38	0.32
Telecommunication Services	0.83	-
Transportation	0.03	0.06
Software, hardware & services	0.13	0.12
	<b>100.00</b>	<b>100.00</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Securities representing over 5 per cent of the combined investment and trading portfolio at 30 June 2021 were:

	Portfolio %
Hamilton Sirius Fund	27.04
Newcastle Securities and General Trust	11.98
Illuminator Investment Company Limited	11.00
VB Holdings Limited	9.40
Imperial Pacific Limited	8.65
Reece Limited	6.06
Florin Mining Investment Company Limited	6.00

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 5.74% (2020: 6.17%)
- (b) long term borrowings was 5.74% (2020: 6.17%).

As at the 30 June 2021 the group's interest bearing short term borrowings excluding the limited recourse secured notes was nil.

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 2021

### 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 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
<b>Total</b>	<b>1,093,549</b>	<b>898,548</b>	<b>218,619,132</b>	<b>220,611,229</b>

	Level 1	Level 2	Level 3	Total
30 June 2020	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income				
Investment portfolio	980,399	281,699	-	1,262,098
Financial assets at fair value through profit or loss				
Trading portfolio	21,558	-	-	21,558
Other financial assets at fair value	-	-	293,728,543	293,728,543
<b>Total</b>	<b>1,001,957</b>	<b>281,699</b>	<b>293,728,543</b>	<b>295,012,199</b>

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 2021.

#### (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 2021.

#### (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 2021.

#### (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 2021

### NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

#### Reconciliation of Level 3 fair value measurements:

	Consolidated	
	2021	2020
	\$	\$
Opening balance	293,728,543	279,718,081
Issues	85,906,807	66,127,102
Redemptions	(161,016,218)	(52,116,640)
Closing balance	218,619,132	293,728,543

### NOTE 21: CASH FLOW INFORMATION

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

Profit after income tax	449,429	445,287
Non-cash flows in profit		
Dividends re-invested	(8,343)	(8,220)
Directors fees – shares issued	10,500	10,500
Write-downs to recoverable amount	(11,621)	(9,550)
Share of associated companies net profit after income tax and dividends	(88,960)	(41,183)
Decrease in trade and other receivables	225,928	350,001
(Increase)/ decrease in the trading portfolio	(9,703)	24,868
Decrease in trade payables and accruals	(291,751)	(583,848)
Decrease in income taxes payable	(457)	(29,593)
Increase in deferred taxes	28,618	18,060
<b>Cash flow from operations</b>	<b>303,640</b>	<b>176,322</b>

### 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 2021

### NOTE 22: SEGMENT REPORTING (CONTINUED)

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

  

2020	Investments	Financial Services	Structured Finance Products	Total
	\$	\$	\$	\$
Revenue	115,969	299,483	539,493	954,945
Results	(194,517)	92,680	539,493	437,656
Assets	9,350,979	-	296,514,545	305,865,524

### 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	
	2021	2020
	\$	\$
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:		
<b>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</b>		
Interest receivable from RAM Investment Partners No.1 Pty Limited	601,615	493,805
Purchase/(redemption) of unsecured note from RAM Investment Partners No.1 Pty Ltd	16,503,495	31,860,865
Interest receivable from RAM Investment Partners No.2 Pty Limited	791,895	696,393
Purchase/(redemption) of unsecured note from RAM Investment Partners No.2 Pty Ltd	16,175,094	(950,401)
Accounting fees paid/payable to Rees Pritchard Pty Limited	72,022	66,204
Share registry fees paid to Newcastle Capital Markets Registries Pty Limited	8,530	8,646
Trustee fees payable to Hamilton Asset Management Limited	18,333	-
<b>Entities who have Steven Pritchard and Gordon Elkington as common directors</b>		
Distribution receivable from Tyrex Solutions Unit Trust	103,787	41,287
Units held in Tyrex Solutions Unit Trust	90,000	50,000

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Entities in which the directors have either a direct or an indirect beneficial interest</b>		
Distribution receivable from Tyrex Solutions Unit Trust	103,787	41,287
Units held in Tyrex Solutions Unit Trust	90,000	50,000
<b>Related party is a director of the company</b>		
Loan payable to Steven Shane Pritchard	14,807	15,496

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Loans and advances to subsidiaries</b>		
Balance at beginning of year	1,186,419	1,148,002
Advances	309,441	38,417
Repayments	(232,755)	-
Impairment adjustment	-	-
Closing balance	<b>1,263,105</b>	<b>1,186,419</b>

<b>Loans and advances from subsidiaries</b>		
Balance at beginning of year	160	159
Advances	75,000	1
Repayments	-	-
Closing balance	<b>75,160</b>	<b>160</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2021

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.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Australian Equities</b>		
Alexium International Group Limited	4,900	5,400
Alumina Limited	612	-
APA Group Limited	623	534
Appen Limited	272	-
Australia and New Zealand Banking Group Limited	14,469	9,320
Australian Ethical Investments Limited	17,673	-
Beach Energy Limited	484	-
Beacon Lighting Group Limited	549	371
Bega Cheese Limited	16,486	9,434
Bendigo and Adelaide Bank Limited	619	491
BHP Billiton Limited	972	860
Boral Limited	684	-
Bounty Oil & Gas NL	4,800	10,800
Capral Limited	-	968
Cochlear Limited	1,762	1,511
Costa Group Holdings Limited	440	458
Crown Resorts Limited	11,910	-
CSL Limited	1,996	2,296
Danger Close Rights Holdings Pty Ltd	20,000	20,000
Dawney & Co Ltd	-	2,500
Deterra Royalties Limited	418	-
Domain Holdings Australia Limited	-	690
East 72 Holdings Limited	9	9
Elanor Investors Group	567	279
Endeavour Group Limited	113	-
Event Hospitality and Entertainment Limited	518	278
Florin Mining Investment Company Limited	119,545	98,896
Gowing Bros Limited	393	-
Graincorp Limited	572	470
Hamilton Sirius Fund	538,632	253,450
Huon Aquaculture Group Limited	-	327
Illuminator Investment Company Limited	219,096	187,657
Iluka Resources Limited	851	965
Imperial Pacific Limited (previously Belmont Holdings Limited)	172,390	5,861
Juno Minerals Limited	179	-

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2021 (CONTINUED)

	Consolidated	
	2021	2020
	\$	\$
Jupiter Mines Limited	4,350	4,200
Kalina Power Limited Option Expiring 27 Aug 2022	1,800	-
Kemp & Denning Limited	-	17,318
Ku-ring-gai Financial Services Limited	5,000	5,000
Link Administration Holdings Limited	489	467
Loftus Peak Disruption Fund	15,950	-
Longevity Group Australia Limited	19,620	19,620
Magellan Financial Group Limited	539	-
Myer Holdings Limited	7,100	3,700
National Australia Bank	550	456
Newcastle Securities & General Trust	238,649	199,443
Newcrest Mining Limited	506	788
NSX Limited	1	1
Octanex Limited	1,305	540
OneMarket Limited	15	-
Orica Limited	770	-
Platinum Asset Management Limited	-	421
Qube Holdings Limited	504	719
Ramsay Health Care Limited	755	931
Reece Limited	120,765	70,074
Sealink Travel Group Limited	18,960	-
Shopping Centres Australasia Property Group	685	702
Sundance Resources Limited	6,508	6,508
Tyrex Solutions Unit Trust	90,000	50,000
United Malt Group Limited	538	469
Uniti Group Limited	16,550	-
Vaneck Vectors Australian Equal Weight ETF	530	514
Westpac Banking Corporation	13,550	9,406
Woodside Petroleum Limited	244	498
Woolworths Limited	686	820
Xref Limited	1,830	1,001
	<b>1,721,285</b>	<b>1,007,436</b>



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

### NOTE 25: SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AT 30 JUNE 2021 (CONTINUED)

	Consolidated	
	2021	2020
	\$	\$
<b>International Equities</b>		
Amalgamated Telecom Holdings Limited	5,796	2,672
Atlantic & Pacific Packaging Company Limited	2,497	2,327
Blue Lagoon Cruises Limited	4,294	4,482
Communications Fiji Limited	4,013	4,135
Kinetic Growth Fund	730	761
Paradise Beverages (Fiji) Limited	23,979	34,434
RB Patel Group Limited	5,382	1,157
South Pacific Stock Exchange Limited	26,972	27,713
Toyota Tsusho (South Sea) Limited	9,891	9,306
VB Holdings Limited	187,258	189,233
	<b>270,812</b>	<b>276,220</b>
<b>Total Equities</b>	<b>1,992,097</b>	<b>1,283,656</b>

### 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	95,593,965	246,980,158
<b>Total assets</b>	<b>110,550,613</b>	<b>272,278,021</b>
Current liabilities	94,394,762	245,702,278
<b>Total liabilities</b>	<b>108,370,118</b>	<b>270,292,971</b>
<b>Net assets</b>	<b>2,180,495</b>	<b>1,985,050</b>

#### Equity

Issued capital	1,275,966	1,265,466
Reserves		
Asset revaluation reserve	(34,909)	(51,021)
Capital profits reserve	55,597	55,597
Retained earnings	883,841	715,008
<b>Total equity</b>	<b>2,180,495</b>	<b>1,985,050</b>

#### Profit for the year

**168,833**      **286,427**

#### Total comprehensive income

**184,945**      **287,822**

# **PRITCHARD EQUITY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

### **NOTE 27: SUBSEQUENT EVENTS TO REPORTING DATE**

At balance date, loans and advances in Note 11 amounting to \$17,000,000 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, and proceeded to close out to the borrower's loans in accordance with the respective loan and security agreements. 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 10 to 39 are in accordance with the Corporations Act 2001, including:
    - (i) Giving a true and fair view of its financial position as at 30 June 2021 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

13 September 2021

## 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 2021, 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 2021 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.

### 1. Recognition and classification of Structured Products

#### Why significant

As at 30 June 2021, a significant proportion of the consolidated entity's assets (96%) and liabilities (97%) are in structured finance products related to significant investor visa's ("SIVs"). The fair value of these financial assets is \$218,619,132 (2020: \$293,728,543) and the fair value of liabilities is \$218,619,132 (2020: \$298,678,543) 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:

- Legal agreements including contracts, note deeds and investment agreements to identify and confirm the existence and treatment of rights and obligations therein;
- 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 2021, the consolidated entity's assets included trading and investment securities. The fair value of these assets is \$1,992,097 (2020: \$1,283,656) as disclosed in Notes 10 and 12 of the financial report.

Of these assets, \$1,093,549 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 \$898,548 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 2021 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 2021;
- 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.

## Key Audit Matters (cont'd)

### 3. Recognition and Valuation of Deferred Tax Asset

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 15 of the financial report, at 30 June 2021 the consolidated entity has recorded a deferred tax asset of \$128,940 (2020: \$238,721) relating to capital losses, deductible temporary differences and tax losses incurred.</p> <p>As noted in Note 1(m) of the financial report, deferred tax assets are only recognised if the consolidated entity considers it probable that future taxable income will be generated to utilise these temporary differences and losses.</p> <p>Significant judgement is required in forecasting future taxable income.</p> <p>Based on the above, we have considered the recognition and valuation of deferred tax assets to be a Key Audit Matter.</p>	<p>We have assessed and challenged management's judgements relating to the consolidated entity's ability to generate future taxable income, and also the recognition criteria under AASB 112.</p> <p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the reasonableness of key assumptions with respect to future income and expenditure;</li> <li>• reviewing the nature of the deferred tax asset (i.e. temporary differences or revenue/capital losses) and its probability of being realised.</li> <li>• We have also assessed the appropriateness of the disclosures included in Note 15 in respect of the deferred tax balances.</li> </ul>

## 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:

- 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.



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

- 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 2021.

In our opinion, the Remuneration Report of Pritchard Equity Limited for the year ended 30 June 2021, 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

13 SEPTEMBER 2021  
NEWCASTLE, NSW

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 A Ordinary Shareholders as at 7 September 2021

Shareholder	Shares	% of Issued
Pritchard & Company Pty Ltd	505,645	45.95
Illuminator Investment Company Limited	44,040	4.00
Hamilton Capital Pty Ltd	42,328	3.85
Dr Gordon Bradley Elkington	40,521	3.68
WCL Nominees Pty Ltd	31,281	2.84
Fuggle Nominees Pty Limited	29,750	2.70
Newcastle Capital Markets Registries Pty Limited	28,610	2.60
Longbow Croft Capital Pty Limited	28,565	2.60
Mrs Aija Valija Mackenzie	27,795	2.53
Wilcorp No. 41 Pty Limited	22,778	2.07
Abelia Grove Pty Ltd	20,460	1.86
Hamilton Asset Management Limited	19,065	1.73
Mr Steven Shane Pritchard	17,845	1.62
Mrs Milly Elkington	14,530	1.32
Mr John MacNaughtan & Mrs Josephine MacNaughtan	12,500	1.14
Mr Douglas Robert Graham Neild	8,940	0.81
Mark Jon Tovey	7,960	0.72
Margaret Diane Murphy	7,960	0.72
Diane Gardner	7,960	0.72
Dean Frances Coupland + Keitha Kim Coupland	7,960	0.72
Anthony Illingworth	7,960	0.72
Tammy Mitchum & Ray Mitchum	7,960	0.72
LA Milt Pty Ltd	7,960	0.72
Wayne John Dixon + Mrs Brenda Karen Dixon	7,960	0.72
Richard Benjamin Cook + Kim Elizabeth Cook	7,960	0.72
Diamantina Superannuation Pty Ltd	7,960	0.72
	1,012,794	92.05

### Number of A ordinary shares held

### Number of Shareholders

1 – 1,000	17
1,001 – 5,000	34
5,001 – 10,000	18
10,001 – 100,000	14
100,001 and over	1

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 B Ordinary Shareholders as at 7 September 2021

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	32
1,001 – 5,000	21
5,001 – 10,000	1
10,001 – 100,000	14
100,001 and over	1

### Substantial Shareholders

As at 7 September 2021 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	607,500	63.24

# 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  
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