



**ASSET RESOLUTION LIMITED**  
**ABN 99 159 827 871**

**ANNUAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2020**



**ASSET RESOLUTION LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**CORPORATE DIRECTORY**

**Directors**

Giles Craig (Chairman)  
Sarina Roppolo (Non-Executive Director)  
Therese Cochrane (Non-Executive Director)

**Company Secretary and Nominated Advisor**

Victoria Allinson

**Registered Office and Principal Place of Business**

Unit 3B, Level 3  
60 Hindmarsh Square  
Adelaide  
South Australia 5000  
Telephone: (08) 8423 0170  
Facsimile: (08) 8223 1685

**Bankers**

National Australia Bank Limited  
22-28 King William Street  
Adelaide  
South Australia 5000

**Auditor**

Grant Thornton Audit Pty Ltd  
Level 17  
383 Kent Street  
Sydney NSW 2000

**Share Register**

Link Market Services Ltd  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: +61 1300 554 474

**NSX code**

ASS

**Website**

[www.arlimited.com.au](http://www.arlimited.com.au)

**ASSET RESOLUTION LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report together with the financial report of Asset Resolution Limited ("ARL" or the "Company"), for the financial year ended 30 June 2020 and the independent auditors' report thereon.

### Directors

The names of the Company's directors in office during the year and until the date of this report are as below.

Director	Position	Appointed	Last elected or re-elected at AGM	Resigned
Giles Craig	Independent Non-Executive Chair	11 September 2015	24 October 2018	-
Sarina Roppolo	Independent Non-Executive	28 February 2018	24 October 2018	-
Therese Cochrane	Non-Executive	20 April 2020	-	-
Graham Holdaway	Independent Non-Executive	1 April 2017	23 October 2019	20 April 2020

Therese Cochrane is not deemed independent due to her substantial interest in the Company.

### Information on Directors

#### Giles Craig BSc Econ (Hons), FCA Non-Executive Director, Chairman



Board member since September 2015.

Mr Craig is a Director of Dawney & Co Limited (previously Hamilton Securities Limited), an NSX listed Investment Company and is a member of the compliance committee of Plenti, a peer to peer lender.

He was previously Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker. Prior to that, Mr Craig was Head of Private Clients at AMP Capital, Head of Distribution at Henderson Private Capital and worked in Corporate Finance at Merrill Lynch and Mergers and Acquisitions at Morgan Stanley.

He qualified with Ernst & Whinney as a Chartered Accountant in 1986.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

**Sarina Roppolo LLB  
Independent Non-Executive Director**



Board member since February 2018.

Ms Roppolo is a dispute resolution and insolvency Partner at Kardos Scanlan Corporate Lawyers. In her practice, Ms Roppolo primarily advises and acts for a variety of public and private companies in a wide range of contentious matters with a specialisation in insolvency.

Ms Roppolo spent a number of years working in house at a major Australian Bank as a senior corporate lawyer, specialising in solutions for the insolvency of that bank's institutional and corporate division's customers.

Ms Roppolo has been noted as a leading lawyer in insolvency in the Legal 500 Asia Pacific for the years 2016, 2017 & 2018 and has been selected by her peers as a Best Lawyer in Australia in Insolvency and Reorganisation Law for the years 2018, 2019, 2020 and 2021.

Ms Roppolo is also a director of the Italian Chamber of Commerce and Industry.

**Therese Cochrane BEc, LLB (Hons), LLM  
Independent Non-Executive Director**



Board member since April 2020.

Ms Cochrane is the General Manager of Samuel Terry Asset Management Pty Ltd, a boutique asset management business.

She started her career as a banking and finance and commercial solicitor in private practice for Baker & McKenzie in Sydney. She also worked as an in-house lawyer for Credit Suisse First Boston, Chase Manhattan and SG Warburg in their derivatives businesses in London.

Ms Cochrane has been a board member of various not-for-profit and charitable organisations, as well as some private companies and companies operating in the hospitality and renewable energy industries.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**
**Directors' Interests in the shares and options of the Company and related bodies corporate**

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Asset Resolution Limited were:

*Interest in ordinary post-consolidated shares*

Directors	Opening interest at 1 July 2019	Net changes during the period	Commencing/Closing Office	Closing interest at 30 June 2020 & date of this report
Giles Craig	85,472	-	-	85,472
Sarina Roppolo	17,906	-	-	17,906
Therese Cochrane <sup>(i)</sup>	-	-	1,041,660	1,041,660
Graham Holdaway <sup>(ii)</sup>	46,240		(46,240)	-
<b>Total Directors</b>	<b>149,618</b>	<b>-</b>	<b>995,420</b>	<b>1,145,038</b>

(i) Ms Cochrane was appointed 20 April 2020

(ii) Mr Holdaway resigned 20 April 2020

At 30 June 2020 and at the date of this report:

(1) Giles Craig holds 85,472 shares:

- 76,183 (2019: 76,183) shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary; and
- 9,289 (2019: 9,289) shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.

(2) Sarina Roppolo holds 17,906 shares;

- 17,906 (2019: 17,906) shares are held by Abril Holdings Pty Ltd, of which she has effective control.

(3) Therese Cochrane holds 1,041,660 shares;

- 14,584 (2019; nil) shares are held by Samuel Terry Asset Management Pty Ltd ("STAM"), of which she is an employee and a beneficial owner.
- 1,026,891 (2019; nil) shares are held by STAM as trustee of the Samuel Terry Absolute Return Fund and she is an employee and a beneficial owner of STAM.
- 185 (2019; nil) shares are held by Woollard Super Fund, of which she is a beneficiary.

(4) Graham Holdaway was appointed as Director 1 April 2017 and resigned on 20 April 2020, he held 46,240 shares at the time of resignation;

- 6,099 (2019: 6,099) shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and
- 40,141 (2019: 10,141) shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control.

## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

#### Chief Financial Officer and Company Secretary

**Victoria Marie Allinson FCCA, AGIA**  
**Company Secretary and Nominated Advisor**



Appointed 1 October 2015.

Ms Allinson is a Fellow of the Association of Certified Chartered Accountants and a member of the Governance Institute of Australia. She has over 30 years' accounting and auditing experience, including senior accounting positions in a number of listed companies and as audit manager for Deloitte Touche Tohmatsu. She is currently Company Secretary and Chief Financial Officer for Kangaroo Island Plantation Timbers Ltd, Elixir Energy Limited and a number of other entities.

#### Dividends

The directors have resolved not to declare a dividend for the year ended 30 June 2020. No dividends were paid during the previous year.

#### Principal activities

During the year the principal activity of the Company was: holding various assets including some Distressed assets and identifying potential Assets to acquire.

#### Corporate information

##### *Share movements*

During the year no shares were issued.

##### *Operating and financial review*

##### *Review of current period operations*

During the year the Company's losses amounted to \$198,062 (2019: \$295,100).

The head office costs of ARL have been reduced for the fifth consecutive year from \$379,872 to \$362,252.

##### *Assets*

During the year ARL acquired 2,580,645 shares in NobleOak Life Limited (NobleOak) and at \$1.55 per share, total cost of \$4,000,000 (2019: \$nil). NobleOak is an unlisted entity. The fair value has been determined to be \$4,000,000 as at 30 June 200.

During the year the secured loan facility was partially repaid, the balance at 30 June 2020 amounted to \$1,250,000 million (2019: \$3,250,000).

ARL is currently owed significant amounts by Octaviar Limited (OL) and by Octaviar Administration Pty Ltd (OA). In June 2020, ARL was informed that there has been significant progress made on the liquidation of OL and OA. Bentleys Chartered Accountants, the liquidators, have advised that two legal disputes involving OA and OL have been settled subject to court approval. Details of the disputes and settlements are confidential. It continues to be impossible to forecast with confidence how much ARL might be in a position to recover from these assets, nor is it possible to forecast when ARL will receive any money from them. Bentleys Chartered Accountants have provided us with an estimate of ARL's share of OA and OL assets which is in the range of \$5,000,000 to \$10,000,000, but before allowing for costs, such as legal and liquidator fees. ARL remains unclear as to when any distribution will occur. Accordingly, the Directors have resolved to continue showing the Octaviar Debts at zero value in ARL's accounts.

## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

#### Significant changes in state of affairs

During the year there were no significant changes to the state of affairs of the Company except as mentioned in this financial report.

#### Significant events after balance date

The Board does not believe the COVID-19 pandemic will have any impact on the Company's ability to continue as a going concern nor its current ability to identify potential distressed assets to acquire.

On the 5 August 2020, the company formally recalled the balance of the secured loan facility, being \$1,250,000 and it will be repaid in full on the 31 October 2020.

There are no matters or circumstances that have arisen since 30 June 2020 to the date of this report which have significantly affected or may affect:

- (a) the Company's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

#### Likely developments

The strategic objective of the Company is to identify and acquire distressed and other potential assets that provide an attractive risk return profile. The distressed assets are generally less liquid than other opportunities, which fits the Company's business and risk strategy. These less liquid opportunities are unlikely to ever be fashionable or high profile but the Directors believe they have expertise in acquiring such assets at attractive prices and in extracting value from them. The Director's strongly believe the market is likely to become more challenging and that more opportunities will arise.

#### Diversity Report

##### Introduction

The following is the Diversity Report for the financial year ended 30 June 2020 for ARL prepared for the purposes of the Company's Financial Statements for the year ended 30 June 2020.

The ASX introduced a requirement for all listed companies to adopt a Diversity Policy and a Diversity Strategy by no later than 30 June 2011, to disclose those documents to the shareholders, and to report to the shareholders each year on the current diversity position in the Company including culture, gender and age, and the progress towards achievement of the strategy objectives. ARL have followed a best practice approach and have adopted this Diversity Report.

##### Diversity Policy

The Diversity Policy is based upon the recommendations of the ASX and the Australian Institute of Company Directors ("AICD") and as such, includes requirements that may not be appropriate for a small company such as ARL. As with all matters included in the ASX Corporate Governance Principles and Recommendations, any recommendation that is not considered appropriate for the Company will be disclosed on an "if not why not" basis. The Policy is outlined in the Statement of Corporate Governance which is available on the Company's web site.

##### Responsibility

The Remuneration Committee (if formed, otherwise the Board) is charged with the responsibility for implementation of the Diversity Policy and the oversight of the Diversity Strategy progress. The Company Secretary is charged with the responsibility for reporting to the Committee each year in accordance with the requirements of the Policy.



**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**
**Current Position**

As at 30 June 2020 there is an aggregate of 5 staff including Directors, employees and contractors (full and part time) in the Company. Of the aggregate 4 are female (including 2 Non-Executive Director and the Chief Financial Officer), and 2 are of different ethnic or cultural background. Consequently, it could be said that the Company is already harnessing the benefits of a diverse workforce. A number of diversity objectives were not implemented by the Company at this stage given its size and low staff numbers, these are set out in the table below.

**Diversity Strategy**

The Diversity Strategy is also based upon the recommendations of the ASX and the AICD and sets various strategies, initiatives and programs designed to, as far as possible, achieve the aims and objectives of the Diversity Policy.

The current position with each of the strategy items and the time frame for achievement or otherwise is listed in the following Table 1:

**Table 1**

Strategy, initiative or program	By when	Current position
<b>Phase 1 – Strategies</b>		
1.1(a) The development and adoption of the Policy	May 2016	Completed
1.1(b) Embody within the Statement of Corporate Governance	May 2016	Completed
1.1(c) Assignment of responsibility	May 2016	Completed
<b>Phase 2 - Initiatives and Programs</b>		
At Board / Board Committee Level		
1.2(a)(i)(A) Diversity is embedded as a relevant attribute	May 2016	Completed
1.2(a)(i)(B) Any skill / gap analysis matrix includes due regard for the attributes of diversity	As required	Will be prepared when required
1.2(a)(i)(C) Clear statement exists as to the mix of skills and diversity that the Board is looking to achieve	May 2016	Stated below and included in the Charter for the Board of Directors
1.2(a)(ii) When addressing Board succession planning	May 2016	Included in the Charter for the Board of Directors
1.2(a)(iii) Inclusion of Diversity related KPIs for CEO and senior executives	May 2016	N/A given the size of the Company and number of staff
1.2(b)(i) Review the Company's HR policies	May 2016	N/A given the size of the Company and number of staff
1.2(b)(ii) Review the Company's physical environment & cultural practices to ensure compliance with the Policy	May 2016	N/A given the size of the Company and number of staff
1.2(b)(iii) Ensure that the Company's recruitment practices follow the Policy requirements	As required	Will be prepared when required
1.2(c)(i) Commit to career development	May 2016	N/A given the size of the Company and number of staff
1.2(c)(ii) Develop standing program and provide budget for career development	Annual	As required

**Notes:**

- The size and nature of the Company limits the number of initiatives and programs that are viable, this will be reviewed as the Company changes.
- The gender diversity targets are to maintain the current level of diversity in the Company.

## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

#### Board Skills

The Board shall contain a relevant blend of expertise and diversity attributes (refer to corporate governance statement for further information) as appropriate for a Company of its size in:

- Distressed asset acquisition and management;
- Accounting;
- Finance;
- Business;
- Financial instruments;
- Legal matters (especially when not present in the Company Secretary); and
- Marketing.

#### Diversity at Board Level and Generally

The Board respects the values and the competitive advantage of culture, gender, ethnicity and age "diversity", and the benefits of its integration throughout the Company. The Board has adopted a specific Diversity Policy in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives.

When addressing Board succession planning (and other appointments throughout the Company) the Board has ensured that the Diversity Policy is respected, efforts are made to identify prospective appointees who have Diversity attributes, and efforts are made for any short list of prospective appointees to include at least one male and one female candidate.

#### Compliance

Having regard to the size of the Company and the nature of its business, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations in respect to diversity.

#### Environmental regulation and performance

The Company is not subject to environmental regulation.

#### Indemnification and insurance of officers

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings. During the year, the Company paid a premium of \$nil (2019: \$nil).

#### Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

#### Directors' meetings

The number of meetings of the Company's Board of Directors held during the year and the members of meetings attended by each Director were:

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Directors	Board Meetings		Audit & Risk Committee Meetings	
	Number attended	Number held while in office	Number attended	Number held while in office
Giles Craig	10	10	2	2
Sarina Roppolo	10	10	2	2
Therese Cochrane	2	2	-	-
Graham Holdaway	6	8	2	2

**Committee membership**

The Company established an Audit and Risk Committee of the Board of Directors on 9 March 2016. Mr Holdaway resigned on 20 April 2020, Sarina Roppolo was appointed Chair following Mr Holdaway's resignation. Ms Cochrane was appointed as a member on 9 September 2020.

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly, all directors participate in decisions regarding the nomination and election of new Board members.

**Auditor independence and non-audit services**

The directors have received the auditor's independence declaration, which is included on page 17 of this report. The declaration forms part of the Directors' report.

No director of the Company is currently, or was formerly, a partner of Grant Thornton Audit Pty Ltd.

**Non-Audit Services**

Grant Thornton Audit Pty Ltd were appointed as auditors on 24 September 2015 and the appointment confirmed by shareholders at a General Meeting held on 24 November 2015.

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The amounts received or due and receivable by Grant Thornton Auditors Pty Ltd for:

	2020 \$	2019 \$
An audit or review of the financial report of the entity		
Audit services Grant Thornton	28,332	39,053
Taxation services Grant Thornton	5,500	8,305
<b>Total services Grant Thornton</b>	<b>33,832</b>	<b>47,358</b>

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

**Remuneration report (audited)**

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (“KMP”) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purpose of this report, the term “executive” encompasses the Managing Director (if appointed) and Chief Financial Officer of the Company.

***Key management personnel***

The names of the persons who were key management personnel of the Company at any time during the current or prior financial year are as follows:

- Giles Craig (Chair) appointed 11 September 2015
- Sarina Roppolo (Director) appointed 28 February 2018
- Therese Cochrane (Director) appointed 20 April 2020
- Graham Holdaway (Director) appointed 1 April 2017, resigned 20 April 2020
- Victoria Allinson (Company Secretary and CFO) appointed 1 October 2015

There were no other key management personnel of the Company during the period.

***Remuneration committee***

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

It is noted that Asset Resolution Limited received 91.76% of ‘yes’ proxy and poll votes and the Remuneration Report for the financial year ending 30 June 2019 was adopted via a poll. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

***Remuneration philosophy and structure***

The Company has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Company in achieving its desired results.

Remuneration is usually reviewed on an annual basis, taking into consideration both qualitative and quantitative performance indicators, with reference to industry benchmarks. A review has not been conducted in the period of this annual report as the Board are of the opinion that remuneration should only be changed once the Company’s strategic plans are further developed.

At the Annual General Meeting the ARL Shareholders voted to pay 100% of the director’s fees in shares. At the 2019 Annual General Meeting Shareholders voted to pay each director \$50,000 in shares at \$2.90 per share.

Overall performance of the directors and the executives of the Company are considered against:

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

- Timely production of Company accounts and records;
- Management of the portfolio of loans against acceptable write off and performance standards;
- Maintenance/improvement of the Net Tangible Assets of the Company;
- Control of costs;
- Investor relations;
- Assessment of new opportunities; and
- Employee performance.

Performance is reviewed on an annual basis, the first review will be undertaken when the Company's strategic plans are further developed.

Remuneration is reviewed by the Board (unless a Remuneration Committee is established) and is set at around the mid-point for professional personnel, as measured by knowledge of the members of the Remuneration Committee and augmented by reference to reports produced by professional Human Resources consultants.

The following table shows the net tangible asset per share, earning per share and share price of the Company for the last four years.

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
<b>Results</b>				
Revenue from ordinary activities from continuing operations	-	-	-	-
Income: Proof of debt claim	-	-	2,014,941	-
Interest and other income	164,190	182,630	269,265	238,334
Expenses	(362,252)	(477,730)	(495,429)	(570,226)
Impairment gain/(loss) on mortgage loans	-	-	-	5,760
Profit/(loss) attributable to members for the period	<b>(198,062)</b>	<b>(295,100)</b>	<b>1,788,777</b>	<b>(326,132)</b>
Income tax benefit/(expenses)	-	-	-	-
Total income/(loss) after tax	<b>(198,062)</b>	<b>(295,100)</b>	<b>1,788,777</b>	<b>(326,132)</b>
<b>Basic and diluted earnings per share in cents:</b>	<b>(6.13)</b>	<b>(9.18)</b>	<b>44.90</b>	<b>(7.11)</b>
<b>Net Assets</b>				
Cash and receivables	4,089,232	6,280,639	6,942,866	7,181,696
Financial assets	5,250,000	3,250,000	2,750,000	3,250,000
Total liabilities - current	(145,209)	(138,555)	(155,682)	(145,447)
Net Assets	<b>9,194,023</b>	<b>9,392,084</b>	<b>9,537,184</b>	<b>10,286,249</b>
<b>Number of shares on issue<sup>(1)</sup></b>	<b>3,233,277</b>	<b>3,233,277</b>	<b>3,162,855</b>	<b>4,032,479</b>
<b>Net tangible assets per share: (in cents)</b>	<b>284.4</b>	<b>290.5</b>	<b>301.5</b>	<b>255.0</b>

(1) Post Consolidated Shares on issue

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of the Company are shown in the following table:

***Remuneration of Key Management Personnel***

For the period ended 30 June 2020, the remuneration paid to the Directors of the Company amounted to \$157,778 (2019: \$150,000).

		Short term			Post employ- ment	Long term		
	Year	Salary & fees \$	Cash bonus \$	Other non- monetary benefits \$	Super \$	Long service leave \$	Shares <sup>(i)</sup> \$	Total \$
<b>Non-Executive Directors</b>								
Giles Craig	2020	23,750	-	-	-	-	29,167	52,917
	2019	29,167	-	-	-	-	20,833	50,000
Sarina Roppollo	2020	23,750	-	-	-	-	29,167	52,917
	2019	29,167	-	-	-	-	20,833	50,000
Therese Cochrane <sup>(ii)</sup>	2020	-	-	-	-	-	9,860	9,860
	2019	-	-	-	-	-	-	-
Graham Holdaway <sup>(iii)</sup>	2020	22,778	-	-	-	-	19,458	42,236
	2019	29,167	-	-	-	-	20,833	50,000
Total	2020	70,728	-	-	-	-	87,500	157,930
	2019	87,500	-	-	-	-	62,500	150,000
<b>Other KMP</b>								
Victoria Allinson <sup>(iv)</sup>	2020	63,247	-	-	-	-	-	63,247
	2019	54,732	-	-	-	-	-	54,732
Total	2020	133,525	-	-	-	-	87,500	221,177
	2019	142,232	-	-	-	-	62,500	204,732

- (i) Since 1 December 2016 the annual directors' fees amount to \$50,000 each. The shareholders approve the share issue under the Non-Executive Share Plan in lieu of directors' fees at each Annual General Meeting ("AGM"). During the year ended 30 June 2020, \$23,750 gross of GST (2019 \$20,833) were paid in cash to each director and \$29,167 (2019: \$20,833) of fees will be paid in shares which will be issue prior to the 2020 AGM. At 30 June 2020, \$95,279 gross of GST (2019: nil) of directors' fees are payable.
- (ii) Appointed 20 April 2020.
- (iii) Resigned on 20 April 2020.

**ASSET RESOLUTION LIMITED**
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

- (iv) Appointed on 1 October 2015. Ms Allinson provides professional accounting, administration, NOMAD and company secretarial services at a fee of \$63,247 per annum (2019: \$54,732), invoiced by Allinson Accounting Solutions Pty Ltd, trading as My Virtual HQ, of which Victoria Allinson is Director and shareholder.

***Related party transactions***

Key Management Personnel remuneration is detailed above. Key Management Personnel are reimbursed for any expenses incurred on behalf of the Company.

There are no other related party transactions.

***Option holdings of Key Management Personnel***

There are no option holdings for the Company.

***Shareholdings of Key Management Personnel***

	Opening interest at 1 July 2019	Net changes during the period	Granted as remuneratio n	Commencin/ Ceasing Office	Closing interest at 30 June 2020 & date of this report
<b>Directors</b>					
Giles Craig	85,472	-	-	-	85,472
Sarina Roppolo	17,906	-	-	-	17,906
Therese Cochrane <sup>(i)</sup>	-	-	-	1,041,660	1,041,660
Graham Holdaway <sup>(ii)</sup>	46,240	-	-	(46,240)	-
<b>Total Directors</b>	<b>149,618</b>	<b>-</b>	<b>-</b>	<b>995,420</b>	<b>1,145,038</b>
<b>Executives</b>					
Victoria Allinson	688	-	-	-	688
<b>Total KMP</b>	<b>150,306</b>	<b>-</b>	<b>-</b>	<b>995,420</b>	<b>1,145,726</b>

(i) Ms Cochrane was appointed on 20 April 2020.

(ii) Mr Holdaway resigned on 20 April 2020.

At 30 June 2020 and at the date of this report:

(1) Giles Craig holds 85,472 shares:

- 76,183 (2019: 76,183) shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary.
- 9,289 (2019: 9,289) shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.

(2) Graham Holdaway held 46,240 shares at the date of his resignation;

- 6,099 (2019: 6,099) shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and
- 40,141 (2019: 40,141) shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control.



## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

(3) Sarina Roppolo holds 17,906 shares;

- 17,906 (2019; 17,906) shares are held by Abril Holdings Pty Ltd, of which she has effective control.

(4) Therese Cochrane hold 1,041,660 shares;

- 14,584 (2019; nil) shares are held by Samuel Terry Asset Management Pty Ltd ("STAM"), of which she is an employee and a beneficial owner.
- 1,026,891 (2019; nil) shares are held by STAM as trustee of the Samuel Terry Absolute Return Fund and she is an employee and a beneficial owner of STAM.
- 185 (2019; nil) shares are held by Woollard Super Fund, of which she is a beneficiary.

(5) Victoria Allinson 688 shares:

- 324 (2019: 324) shares are held by Ms Allinson ATF the Vicky and Zoe Allinson Family Trust; and
- 364 shares (2019: 364) are held by Victoria and David Allinson <Allinson Super Fund>.

### End of Remuneration Report

#### Share options

There are no shares under option.

#### Auditor's declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 in relation to the audit for the year is provided with this report.

Signed in accordance with a resolution of the directors:

  
Giles Craig (Chairman)

Sydney, 30 September 2020



## Auditor's Independence Declaration

### To the Directors of Asset Resolution Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of (Client name) for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 30 September 2020

#4150911v1

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**ASSET RESOLUTION LIMITED****CORPORATE GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

Asset Resolution Limited (“Company”) and the Board of Directors are responsible for the Corporate Governance of the Company and are committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As such, the Company has adopted the fourth edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 February 2019 and is effective for financial years beginning on or after 1 July 2020.

The Company’s Corporate Governance Statement for the financial year ending 30 June 2020 is dated, and was initially approved, by the Board on 18 May 2017; the latest annual review was completed on 30 September 2020. The Corporate Governance Statement is available at [www.arlimited.com.au](http://www.arlimited.com.au).

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

		2020	2019
	Note	\$	\$
<b>Revenue from continuing operations</b>			
Interest income		164,190	182,346
Other income		-	284
Total revenue from continuing operations		164,190	182,630
<b>Expenses</b>			
Administration expenses		10,850	16,528
Other expenses	5	348,862	361,718
Finance expenses		1,269	135
Other		1,271	1,491
Realisation Loss/(gain) on equity investments	6	-	97,858
Total expenses		362,252	477,730
<b>Profit / (loss) before income tax</b>		<b>(198,062)</b>	<b>(295,100)</b>
Income tax benefit/(expense)	7	-	-
<b>Profit / (loss) for the period</b>		<b>(198,062)</b>	<b>(295,100)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income, net of income tax</b>		<b>(198,062)</b>	<b>(295,100)</b>
<b>Profit / (loss) attributable to members</b>		<b>(198,062)</b>	<b>(295,100)</b>
<b>Total comprehensive income attributable to members</b>		<b>(198,062)</b>	<b>(295,100)</b>
<b>Earnings per share:</b>			
Basic and diluted (loss)/profit per share (cents)	18	(6.13)	(9.18)

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	<b>Note</b>	<b>2020</b> \$	<b>2019</b> \$
<b>Assets</b>			
<i><b>Current assets</b></i>			
Cash and cash equivalents	8	4,089,232	6,240,559
Trade and other receivables	9	-	40,080
Financial assets at amortised cost	10	1,250,000	3,250,000
<b>Total current assets</b>		<b>5,339,232</b>	<b>9,530,639</b>
<i><b>Non-current assets</b></i>			
Financial assets at fair value through profit and loss	11	4,000,000	-
<b>Total non-current assets</b>		<b>4,000,000</b>	<b>-</b>
<b>Total assets</b>		<b>9,339,232</b>	<b>9,530,639</b>
<b>Liabilities</b>			
<i><b>Current liabilities</b></i>			
Trade and other payables	12	29,378	35,179
Accrued expenses	13	115,831	103,376
<b>Total current liabilities</b>		<b>145,209</b>	<b>138,555</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>9,194,023</b>	<b>9,392,084</b>
<b>Equity</b>			
Contributed equity	14	32,535,316	32,535,316
Retained losses	15	(23,341,293)	(23,143,232)
<b>Total equity</b>		<b>9,194,023</b>	<b>9,392,084</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	Ordinary shares	Retained losses	Total
	\$	\$	\$
Balance as at 1 July 2018	32,385,316	(22,848,132)	9,537,184
Profit/(Loss) attributable to members	-	(295,100)	(295,100)
Other comprehensive income	-	-	-
Total comprehensive income	-	(295,100)	(295,100)
Transactions with owners in their capacity as owners:			
Buyback of shares	-	-	-
Issue of shares	150,000	-	150,000
<b>Balance at 30 June 2019</b>	<b>32,535,316</b>	<b>(23,143,232)</b>	<b>9,392,084</b>
Balance as at 1 July 2019	32,535,316	(23,143,232)	9,392,084
(Loss)/Profit attributable to members	-	(198,062)	(198,062)
Other comprehensive income	-	-	-
Total comprehensive income	-	(198,062)	(198,062)
Transactions with owners in their capacity as owners:			
Buyback of shares	-	-	-
Issue of shares	-	-	-
<b>Balance at 30 June 2020</b>	<b>32,535,316</b>	<b>(23,341,294)</b>	<b>9,194,022</b>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

		<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities</b>			
Interest received		194,161	152,371
Payments to suppliers and employees		(345,488)	(233,987)
<b>Net cash (used in)/ provided by operating activities</b>	20	<b>(151,327)</b>	<b>(81,616)</b>
<b>Cash flow from investing activities</b>			
Net proceeds from the sale of investments		-	-
Net proceeds from proof of debt		-	-
Mortgage loan asset repayments/(advances)		2,000,000	(500,000)
Financial asset shares repayments/(advances)		(4,000,000)	-
Net proceeds (losses) from options investment			(97,858)
<b>Net cash (used in)/provided by investing activities</b>		<b>(2,000,000)</b>	<b>(597,858)</b>
<b>Cash flow from financing activities</b>			
Buyback of share capital		-	-
<b>Net cash (used in)/ provided by financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(2,151,327)</b>	<b>(679,474)</b>
Cash and cash equivalents at beginning of the period		6,240,559	6,920,033
<b>Cash and cash equivalents at end of the period</b>	8	<b>4,089,232</b>	<b>6,240,559</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020****Note 1. Corporate information**

The financial report for Asset Resolution Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 30 September 2020.

Asset Resolution Limited is a company incorporated and domiciled in Australia and limited by shares.

The nature of the operations and principal activities of the Company are described in the Directors' report.

**Note 2. Basis of preparation and accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied, unless otherwise stated. The financial statements are for the single entity being Asset Resolution Limited, which is a listed public company, incorporated and domiciled in Australia. The financial statements are presented in Australian dollars. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

**(a) Basis of preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an historical cost basis, except for investment properties and freehold land that have been measured at fair value. Asset Resolution Limited is a for-profit entity for the purposes of preparing the financial report.

Impact of COVID-19 pandemic - Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the operations of the Company and its financial position and results. At present it is not expected that the pandemic will have any significant impact on the Company's planned activities and operations nor its administrative functions.

Company personnel, key supply chains, and other important stakeholder relationships have remained largely unaffected by the pandemic. As at 30 June 2020 and the date of this report, there has been no significant impact upon the financial results and position of the Company reported on in these consolidated financial statements as a result of the COVID-19 pandemic. The Board and management will continue to monitor the impact of the pandemic on the Company's operations and state of affairs.

**(b) Compliance with IFRS**

The financial statements of Asset Resolution Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**(c) New accounting standards and interpretations**

AASB 16 Leases came into effect 1 July 2019. The new standard eliminates the operating and finance lease classifications for lessees previously required under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet by recognising a lease liability and a right of use asset in its balance sheet. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. There was no impact of the adoption of this new standard on the reported balances and transactions of the Company.

Interpretation 23: Uncertainty over Income Tax Treatment came into effect 1 January 2019. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The first time adoption of this amendment did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 2. Basis of preparation and accounting policies (continued)

#### Accounting standards issued but not yet effective and not adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

#### (d) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. This includes start-up operations, which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

There have been no changes from the prior period in the measurement methods used to determine reported segment profit or loss.

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 2. Basis of preparation and accounting policies (continued)

impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

#### (g) Investments and other financial assets

##### *Classification*

The Company classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (through OCI, or through profit and loss); and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial asset and the contractual terms of the cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election on the initial recognition to account for the equity instrument through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

##### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried forward at FVPL are expensed in the profit and loss.

Financial Assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payments of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cashflow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised costs:** Assets that are held for collection of contractual cashflows where those cashflows represent solely payments of principal and interest at amortised cost. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on the derecognition is recognised directly in the profit and loss and presented in other gains/(losses), together with foreign exchange gain losses, where applicable. Impairment losses are presented as separate line items in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of cashflows and for selling the financial assets, where the asset's cashflows represent solely payment of principal and interest, are measured at FVOCI. Movement in the carrying amounts are taken through the OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gains and losses previously recognised in OCI are reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income for these financial assets is included in financial income using the effective interest rate method. Foreign exchange gains and losses, if applicable, are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit and loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 2. Basis of preparation and accounting policies (continued)**

**Impairment**

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments, carried at amortised cost and FVOCI. The impairment methodology is applied based on whether there has been a significant credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**Fair value**

The fair value of the Company's financial assets and financial liabilities approximate their carrying value. Where the Company has readily traded financial assets and financial liabilities they are valued at their current traded value.

**(h) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

**(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

**(j) Provisions and employee leave benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

***Employee Leave Benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**(k) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 2. Basis of preparation and accounting policies (continued)

#### (l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

##### (i) *Realised gains and losses on sale of assets*

The net gain or loss on disposal or settlement of an asset, other than mortgage loan security assets, is included as either a revenue or an expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed, or when final settlement of the loan is achieved.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

##### (ii) *Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### (m) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that: (a) it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised (b) the Company continues to comply with the conditions of deductibility imposed by tax legislation and (c) no changes in tax legislation adversely affect the Company in realising the benefits from the deductions for the losses.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 2. Basis of preparation and accounting policies (continued)

#### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

#### (o) Financial Instruments

##### *Recognition and Measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (trade date).

Financial assets are classified as those measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. This classification is based on two criteria: the Company's business model for managing the assets; and whether the asset's contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. A financial asset can only be measured at amortised cost if both these tests are satisfied.

Trade and other receivables, and trade and other payables, are classified as amortised cost instruments. They are initially measured at fair value, which includes transaction costs and any expected credit losses, and then subsequently at amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest income (financial asset) or interest expense (financial liability) over the term of the instrument and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the instrument to its net carrying amount. Revisions to expected future net cash flows that result in adjustment to the carrying amount, and any gains or losses from derecognition, are recognised in profit or loss.

Derecognition occurs in the case of a financial asset where the contractual rights to the receipt of cashflows expire or are transferred to a third party with no significant continuing involvement. For a financial liability, derecognition occurs when the related obligations are discharged, cancelled or have expired.

##### *Impairment*

At the end of each reporting period, an assessment is made as to the extent of any expected credit losses (ECLs) impacting on the estimated future cash flows of the financial asset. Expected credit losses may arise where there are indications that the counterparty is experiencing significant financial difficulty or might enter insolvency proceedings or other financial reorganisation, where there has been a default or delinquency in interest or principal payments, or where changes in economic conditions have occurred impacting on the likelihood of defaults.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 3. Financial risk management objectives and policies (continued)**
**Year ended 30 June 2019**

		Assets at FVTOCI \$	Assets at FVTPL \$	Derivatives used for hedging \$	Financial assets at amortised cost \$	Total \$
<b>Financial Assets</b>	Note					
Cash and cash equivalents	8	-	-	-	6,240,559	<b>6,240,559</b>
Trade and other receivables	9	-	-	-	40,080	<b>40,080</b>
Financial assets	10	-	-	-	3,250,000	<b>3,250,000</b>
		-	-	-	9,530,639	<b>9,530,639</b>
		<b>*Derivatives</b>		<b>*Other</b>		
		used for	*Designated	liabilities at	#Other	
		hedging	at FVTPL	FVTPL	liabilities	<b>Total</b>
<b>Financial Liabilities</b>	Note	\$	\$	\$	\$	\$
Trade and other payables	11&12	-	-	-	138,555	<b>138,555</b>
Total		-	-	-	138,555	<b>138,555</b>

\* Carried at fair value

# Carried at amortised cost

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At 30 June 2020, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	<b>Post tax profit Higher/(lower)</b>		<b>Equity Higher/(lower)</b>	
Judgements of reasonably possible movements:	<b>2020</b>	2019	<b>2020</b>	2019
	\$	\$	\$	\$
+1%	<b>93,392</b>	94,906	-	-
-1%	<b>(93,392)</b>	(94,906)	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

**Credit Risk**

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Company aims to minimise concentrations of credit risk in relation to trade and other receivables by monitoring transactions, trade debtors are usually nil and other receivables are comprised of prepayments and GST receivable.

Cash at bank is held at the National Australia Bank, which has an S&P (Standard & Poors) rating of AA-.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days for receivables;
- a regular risk review takes place on all receivables and loan balances;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 3. Financial risk management objectives and policies (continued)**

- a thorough assessment process is used for all loans; and
- the Chief Financial Officer has direct responsibility for the recovery of outstanding accounts. All overdue accounts are sent directly to the Company's lawyers for legal action after all other avenues of recovery have been exhausted. Legal action on those particular accounts where the matter is being defended are dealt with directly by the Chief Financial Officer and the lawyers involved. The Chief Financial Officer regularly reports to the Board of Directors on these matters.

**Liquidity risk**

- The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other available credit lines.
- The table below reflects all contractually fixed settlements and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2020. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2020.
- The remaining contractual maturities of the Company's financial liabilities are:

	2020 \$	2019 \$
6 months or less	(145,209)	(138,555)
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	(145,209)	(138,555)

**Maturity analysis of financial assets and liability based on management's expectations**

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Company's overall liquidity risk. To monitor existing financial assets and liabilities, as well as to enable an effective control of future risks, ARL has established risk reporting covering its business that reflects the expectations of management of expected settlement of financial assets and liabilities.

Year ended 30 June 2020	< 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	4,089,232	-	-	-	4,089,232
Trade and other receivables	-	-	-	-	-
Other financial assets	1,250,000	-	4,000,000	-	5,250,000
	5,339,232	-	4,000,000	-	9,339,232
<b>Year ended 30 June 2020</b>	<b>&lt; 6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 year \$</b>	<b>&gt; 5 years \$</b>	<b>Total \$</b>
<b>Financial Liabilities</b>					
Trade and other payables	(145,209)	-	-	-	(145,209)
	(145,209)	-	-	-	(145,209)
<b>Net Maturity</b>	5,194,023	-	4,000,000	-	9,194,023



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 3. Financial risk management objectives and policies (continued)**

<b>Year ended 30 June 2019</b>	<b>&lt; 6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>					
Cash and cash equivalents	6,240,559	-	-	-	6,240,559
Trade and other receivables	40,080	-	-	-	40,080
Other financial assets	3,250,000	-	-	-	3,250,000
	<u>9,530,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,530,639</u>
<b>Financial Liabilities</b>					
Trade and other payables	(138,555)	-	-	-	(138,555)
	<u>(138,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,555)</u>
<b>Net Maturity</b>	<u>9,392,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,392,084</u>

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

The Board regularly considers the financial requirements of operations including those payments required to fund administration and operational procedures, as well as those payments required to maintain or sell property securities attached to mortgage loans held. Financial cash flows and budgets are regularly presented to the Board for consideration and significant payments are required to be approved at Board level.

*Fair value*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Other financial asset relating to mortgage loans are measured at amortised cost, using the effective interest rate method, and are measured for impairment.

*Price risk*

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instrument in the market. If equity markets as a whole rise or fall by 2%, the return of the Company may increase or decrease in different amounts.

<b>Investment</b>	<b>2% increase in share price \$1.58 per share</b>	<b>2% increase in share price \$1.52 per share</b>
NobleOak Life Limited	<u>\$506,870</u>	<u>(330,130)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 4. Segment reporting**
***Year ended 30 June 2020 and 30 June 2019***

The Company has operations in equity and distressed asset management.

The Company invest in equity and distress assets for the purpose of providing shareholders with an attractive risk adjusted investment returns.

All operations are conducted in Australia.

**Note 5. Other expenses**

	2020	2019
	\$	\$
Auditor fees	33,832	47,358
Consultancy fees	52,500	52,000
Consultancy fees – My Virtual HQ	35,528	38,332
Company secretarial fees	15,120	14,400
Directors' fees	157,930	150,000
Insurance	-	545
Legal fees	-	1,600
NSX and NOMAD fees	31,617	37,897
Registry fees	22,335	19,586
<b>Total</b>	<b>348,862</b>	<b>361,718</b>

**Note 6. Realisation Loss on Derivative**

	2020	2019
	\$	\$
<b><i>Readily marketable options</i></b>		
Opening carrying value	-	-
Purchased during period	-	97,858
Realization Loss	-	(97,858)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

During the year the Company did not acquired any options (2019:73 Options expiring in December 2018 costing \$48,003 and 62 Options expiring in June 2019 costing \$49,855). By the end of the June 2019 period all Options had expired.

**Note 7. Income tax expense**

	2020	2019
	\$	\$
<b>(a)</b> The prima facie tax on profit differs from income tax provided in the financial statements as follows:		
Total (loss)/profit before income tax	(198,062)	(295,102)
At the statutory income tax rate of 30% (2019: 30%)	(59,419)	(88,531)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Other	-	-
	(59,419)	(88,531)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 7. Income tax expense (continued)**

	2020 \$	2019 \$
Less tax effect of :		
Other deductible items	-	-
Tax losses not brought to account as a deferred tax asset	59,419	88,531
Recoupment of prior year losses not previously brought to account	-	-
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	-	-
Income tax expense/(benefit)	-	-
<b>(b) Component of income tax expenses (benefit):</b>		
Current tax	-	-
Deferred income tax	-	-
Total income tax expenses/(benefit)	-	-

***Tax losses not recognised***

The gross value of tax losses not recognised at 30 June 2020 amount to \$59,419 (2019: 88,531) and the gross value of tax losses carried forward amounted to \$23,057,124 (2019: \$22,999,948). The franking credits are \$nil (2019: \$nil).

**Note 8. Cash and cash equivalents**

	2020 \$	2019 \$
Cash at bank	4,089,232	1,240,559
Cash on deposit	-	5,000,000
Cash and cash equivalents	4,089,232	6,240,559

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. At 30 June 2020 nil (2019: \$5,000,000) is held in fixed term deposits, refer to Note 9 for further details.

***Reconciliation to Cash Flow Statement***

For the purposes of the Statement of Cash Flows, cash and cash equivalents amount to \$4,089,232 (2019: \$6,240,559).

**Note 9. Current assets - Trade and other receivables**

	2020 \$	2019 \$
Trade debtors (a)	-	-
GST receivable (a)	-	10,107
Accrued Interest Income (Term Deposit) (b)	-	29,973
	-	40,080

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 9. Current assets - Trade and other receivables (continued)**
**(a) Terms of trade**

Trade debtors, GST and other receivables are non-interest bearing and generally on 30-day terms.

At 30 June, the aging analysis of trade receivables is as follows:

		<b>Total</b>	<b>61-90 Days PDNI*</b>	<b>61-90 Days CI*</b>	<b>+ 91 Days PDNI*</b>	<b>+ 91 Days CI*</b>
<b>2020</b>	Trade receivables	-	-	-	-	-
<b>2019</b>	Trade receivables	-	-	-	-	-

\*PDNI – Past due not impaired – represents the portion of the outstanding amount that the grower/borrower is servicing under a mutually agreed repayment plan, but is more than 90 days past due.

\*CI – Considered impaired

**(b) Interest accrued for Term Deposits**

At 30 June 2020 the Term Deposits have reach maturity and were not reinvested (2019: \$29,973):

**Note 10. Financial assets**
**Current: Financial assets**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening carrying value	<b>3,250,000</b>	2,750,000
Receipts during period	<b>(2,000,000)</b>	-
Payments during period	-	500,000
Balance at the end of the period	<b>1,250,000</b>	3,250,000

**Financial assets - Mortgage loans**

During 2017 a secured loan of \$3,250,000 was provided to Mr and Mrs Sergeant. The loan was established to provide a commercial benefit to both parties, the Company is earning a higher interest rate than can be obtained on its bank savings. In addition, the loan terms include requirements to reduce the risks for the Company. The key terms of the loan are as follows:

- The funds are secured over Sergeant's holding of units in the managed investment fund known as Samuel Terry Absolute Return Fund.
- Mr and Mrs Sergeant are required to hold these funds in a mortgage offset account that allows for instant access to the funds should the funds be required by Asset Resolution Limited.
- Interest is paid monthly and is charged at a rate of 3% per annum. Interest of \$84,805 has been paid in the year (2019: \$96,871).
- Default interest is applied if any interest or repayment demand is not met, the rate is calculated based on the company's cost of borrowing the funds from a bank plus a margin of 3%.
- The loan is repayable within 3 business days.

On 9 January 2019 a loan variation agreement was signed, the key terms are as follows:

- That up to \$1,250,000 of the \$3,250,000 be repaid at 10 days' notice, with the remaining \$2,000,000 to remain at 3 days' notice,
- The annual interest rate on the sum that is no longer at call be adjusted to 4% per annum, and
- Interest is paid monthly and is charged at a rate of 4% per annum. Interest of \$7,327.57 has been paid in the year (2019: \$727.48). Variation dated from 15 January 2019 to 30 June 2020.

During the year \$2,000,000 was repaid from Sergeants under the loan agreement (2019: \$nil repaid).

On the 5 August 2020, the company formally recalled the balance of the Loan being \$1,250,000 and will be repaid in full on the 31 October 2020.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 11. Financial assets at fair value through profit or loss (FVTPL)**

Financial assets as FVTPL include the equity investment on NobleOak Life Limited. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

	2020	2019
	\$	\$
Balance at start of period	-	-
Investment in NobleOak Life Limited	4,000,000	-
Balance at the end of the period	4,000,000	-

- In February 2020, ARL acquired 2,580,645 shares in NobleOak at \$1.55 per share, total cost of \$4 million.

The methods used to measure financial assets and liabilities reported at fair value are describe in Note 23.

**Note 12. Current liabilities - Trade and other payables**

	2020	2019
	\$	\$
Trade payables	29,378	35,179

**(a) Trade payables**

Trade payables are non-interest bearing and are normally settled on 30-day terms.

**(b) Fair value**

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**Note 13. Current liabilities - Accrued expenses**

	2020	2019
	\$	\$
Accrued expenses	115,831	103,376

**Note 14. Contributed equity**

	2020		2019	
Movement in ordinary shares	No.	\$	No.	\$
Balance at the beginning of the period	3,233,277	32,535,316	3,162,855	32,385,316
Share Based Directors' Fees <sup>(1)</sup>	-	-	70,422	150,000
Balance at the end of the period	3,233,277	32,535,316	3,233,277	32,535,316

- (1) Shareholders voted in favour of Directors' fees being paid in shares; during the period Directors fees of \$nil (2019: \$150,000) were paid via the issue of nil (2019: 70,422) shares at \$2.90 (2019: \$2.13) per share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 14. Contributed equity (continued)**
**Capital Management**

Management controls the capital of the Company in order to maintain a good debt to equity ratio and ensure that the Company can fund its operations while it continues to maximise realisations of its mortgage loan portfolio.

The Company's debt and capital includes ordinary share capital and operating liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

**Note 15. Retained losses**

	2020 \$	2019 \$
Opening balance	(23,143,232)	(22,848,132)
Net (loss)/profit for the year	(198,062)	(295,100)
Deficit at the end of the year	<u>(23,341,294)</u>	<u>(23,143,232)</u>

**Note 16. Key management personnel disclosures**
**(a) Compensation of key management personnel**

	2020 \$	2019 \$
<b>Directors</b>		
Fees	-	-
Share-based payments <sup>(1)</sup>	157,930	150,000
Post-employment benefits	-	-
	<u>157,930</u>	<u>150,000</u>
<b>Executives</b>		
Fees <sup>(2)</sup>	63,247	54,732
<b>Total</b>	<u>221,177</u>	<u>204,732</u>

<sup>(1)</sup> At 30 June 2020, the directors were paid part of their directors remuneration in cash, \$70,278 (2019: \$87,500) The remaining \$87,652 (2019: \$62,500) will be pay in shares (issue approved by Shareholders at 2019 AGM) to be issue after the year end. Future directors' fees will be paid in shares, subject to Shareholder approval.

<sup>(2)</sup> During the year:

- a. Company secretarial fees paid to Victoria Allinson amounted to \$15,120 (2019: \$14,400);
- b. Accounting and administration services provided by Allinson Accounting Services Pty Ltd trading as My Virtual HQ amount to \$35,527 (2018: \$38,332).
- c. NOMAD fees paid to Victoria Allinson amounted to \$12,600 (2019: \$2,000)

**Note 17. Remuneration of auditors**

The auditor of the Company is Grant Thornton.

The amounts received or due and receivable by Grant Thornton Auditors Pty Ltd for:

	2020 \$	2019 \$
Audit services Grant Thornton	28,332	39,053
Taxation services Grant Thornton	5,500	8,305
Total services Grant Thornton	<u>33,832</u>	<u>47,358</u>

# ASSET RESOLUTION LIMITED



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Note 18. Earnings per share

	2020 \$	2019 \$
<b>(a) Basic earnings per share</b>		
(Loss)/profit attributable to the ordinary equity holders of the Company	(198,062)	(295,100)
<b>(b) Diluted earnings per share</b>		
(Loss)/profit attributable to the ordinary equity holders of the Company	(198,062)	(295,100)
<b>(c) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	3,223,277	3,216,010

### Note 19. Related party transactions

There are no related party transactions

### Note 20. Reconciliation of statement of cash flows

	2020 \$	2019 \$
Net (loss)/profit after tax	(198,062)	(295,100)
<i>Non-operating items in profit:</i>		
- realisation of proof of debt	-	-
- realisation of sale of shares	-	-
- realisation of sale of options	-	97,858
- Share base payments	-	150,000
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	40,080	(17,248)
Increase/(decrease) in payables and accruals	6,655	(17,126)
Net cash inflow/(outflow) from operating activities	(151,327)	(81,616)

### Note 21. Share based payments

During the year the following share based payments were made under the non-Executive Share Plan at \$2.90 per share (2019: \$2.13):

	2020 \$	2019 \$
Giles Craig	-	50,000
Sarina Roppolo	-	16,667
Therese Cochrane	-	-
Graham Holdaway	-	50,000
John Sergeant	-	33,333
	-	150,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 22. Commitments and contingent liabilities**

The Company did not have any material commitments or contingent liabilities at 30 June 2020 or 30 June 2019.

**Note 23. Fair Value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

<b>30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment on NobleOak Life Limited	-	-	4,000,000	4,000,000
<b>Total Assets</b>	-	-	4,000,000	4,000,000
<b>Net Fair Value</b>	-	-	<b>4,000,000</b>	<b>4,000,000</b>

  

<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Non-listed shares	-	-	-	-
<b>Total Assets</b>	-	-	-	-
<b>Net Fair Value</b>	-	-	-	-

There were no transfers between levels during the financial year.

**Level 3 assets**

In February 2020, Assets Resolution Limited (ARL) acquired 2,580,645 shares in NobleOak Life Ltd at \$1.55 per share, total cost of \$4,000,000.

<b>Investment</b>	<b>Fair Value at 30 June 2020</b>	<b>Fair Value at 30 June 2019</b>	<b>Significant unobservable input</b>	<b>P/E Multiple used</b>
NobleOak Life Ltd	\$4,000,000	\$-	P/E Multiple	16x

**Sensitivity of the fair value measurement to input**

The fair value of one share will be between \$1.47 and \$1.69. Using the higher fair value will give an increase of 7% (2019: nil).

Movement in level 3 assets during the current financial year are set out below:

	<b>Unlisted shares \$</b>	<b>Total \$</b>
Balance at 30 June 2019	-	-
Additions-Nobl Oak Life Ltd	4,000,000	4,000,000
Net gain/(loss) on investment activities	-	-
Balance at 30 June 2020	<u>4,000,000</u>	<u>4,000,000</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**Note 23. Fair Value measurement of financial instruments (continued)**

	Unlisted shares \$	Total \$
Prior year:		
Balance at 30 June 2018	-	-
Net gain/(loss) on investment activities	-	-
Balance at 30 June 2019	-	-

**Note 24. Events after balance date**

The Board does not believe the COVID-19 pandemic will have any impact on the Company's ability to continue as a going concern nor its current ability to identify potential distressed assets to acquire.

On the 5 August 2020, the company formally recalled the balance of the secured loan facility, being \$1,250,000 and it will be repaid in full on the 31 October 2020

No other matters or circumstances have arisen since 30 June 2020 to the date of this report which have significantly affected or may affect:

- a) the Company's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Company's state of affairs in future financial years.

**Note 25. Contingent asset**

The Company is owed \$204 million (2019: \$204 million) by Octaviar Limited (formerly MFS Limited) and approximately \$137 million (2019: \$137 million) by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd) – from claims made on the liquidators of the company.

In December 2017, the liquidators of Octaviar Limited advised ARL that \$205,694,371 of that claim has been allowed. The Company has been paid a total of \$2,014,491 by Octaviar Limited in respect of this debt, since the claim was allowed.

Although both companies have substantial amounts of cash and other assets that are potentially available to creditors, there are legal disputes about the status of some creditors of each company.

Both companies have spent substantial amounts on liquidators' and legal fees, and it is possible that further substantial amounts could be spent before the companies are wound up.

In June 2020, ARL was informed that there has been significant progress made on the liquidation of OL and OA. Bentleys Chartered Accountants, the liquidators, have advised that two legal disputes involving

OA and OL have been settled subject to court approval. Details of the disputes and settlements are confidential. There remains one legal dispute that could delay completion of the OL liquidation.

Due to the court approval being required on the settlement agreement and the further legal dispute on the OL liquidation, it is impossible to forecast with confidence how much ARL might be in a position to recover from these assets, nor is it possible to forecast when ARL might receive any money from them. Bentleys Chartered Accounts have provided us with a non-binding estimate of ARL's share of OA and OL assets which is in the range of \$5,000,000 to \$10,000,000, but before allowing for cost, such as legal and liquidators fees. ARL remains unclear as to when any distribution will occur. Accordingly, the contingent asset does not meet the virtually certain test at year end and therefore Directors have resolved to continue showing the Octaviar Debts at zero value in ARL's accounts.

**ASSET RESOLUTION LIMITED****DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2020**

In accordance with a resolution of the directors of Asset Resolution Limited, I state that:

- In the opinion of the directors:
  - The financial statements and notes of Asset Resolution Limited for the financial year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:
    - Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
    - Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b); and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

On behalf of the Board

Chairman

  
**Mr Giles Craig**  
**Chairman**

Sydney,

Dated this 30<sup>th</sup> day of September 2020

# Independent Auditor's Report

## To the Members of Asset Resolution Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Asset Resolution Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key audit matters

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

## Key audit matter

## How our audit addressed the key audit matter

### Valuation of Investment in NobleOak (Note 11)

Asset Resolution Limited acquired an equity investment in NobleOak Life Limited (NobleOak), acquiring approximately 4.35% of the Company, for \$4 million.

NobleOak is an Australian public unlisted company based in Sydney.

In accordance AASB 9 *Financial Instruments*, management must recognise the investment at fair value through profit and loss.

This area is a key audit matter due to the estimated valuation is based on unobservable inputs (Level 3 inputs) and the estimation techniques are subjective and high inherent uncertainty involved with no recent other observable input.

Our procedures included, amongst others:

- Assessing the accounting policy and disclosures for compliance with the financial reporting framework AASB;
- Obtaining an understanding of management estimate;
- Testing the arithmetical accuracy and integrity of the underlying data used by management, by reviewing the consistency of formula used and agreeing inputs to supporting documentation including historic profit and loss data and individual market results;
- Using our Grant Thornton valuation specialists as an auditor's expert to assess the appropriateness of the method utilised to calculate the fair value and the reasonableness of the price to earnings multiple applied;
- Performing a sensitivity analysis on the key assumptions used; and
- Assessing the appropriateness of the related financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar2\\_2020.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar2_2020.pdf). This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Asset Resolution Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 30 September 2020

**ASSET RESOLUTION LIMITED**
**INVESTORS' SUPPLEMENTARY INFORMATION**
**AS AT 24 SEPTEMBER 2020**

The information contained below is to be read in conjunction with the annual report of Asset Resolution Ltd dated 30 June 2020.

**Details of ordinary share capital**

3,233,277 shares held by 2,394 Shareholders

**Details of top 20 shareholders**

The following is a list of the top 20 shareholders of the Company:

<b>Rank</b>	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1	WO NOMINEES A/C FUND PTY LTD	515,000	15.93
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	389,957	12.06
3	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	135,961	4.21
4	WO NOMINEES A/C FUND PTY LTD	121,935	3.77
5	MR PETER SCARF & MRS IDA SCARF	91,863	2.84
6	NORTH SHORE CUSTODIANS PTY LTD	76,183	2.36
7	MR NIGEL BURGESS & MRS YUKARI BURGESS	70,000	2.16
8	MR TREVOR HANSEN & MS ZOE KATHRYN GREENWOOD	42,978	1.33
9	HOLDAWAY & HOLDAWAY PTY LTD	40,141	1.24
10	MR TIMOTHY EDWARD HOBILL COLE & MRS FIONA CAROLINE HOBILL COLE	40,000	1.24
11	HARLEY N PTY LIMITED	35,439	1.10
12	MR JOHN DAVID SERGEANT	30,340	0.94
13	MR ADRIAN WESLEY LEPPINUS MRS VANESSA LEPPINUS	27,627	0.85
14	MS JOAN LOUISE WOOLLARD	24,000	0.74
15	MR ALLAN GREGORY WHITE MRS CAROL MEGAN WHITE	22,253	0.69
16	MAXLEK PTY LTD	21,893	0.68
17	FIRST CAPITAL MARKETS PTY LTD	21,025	0.65
18	MR STEVE ANDREW GREEN	20,287	0.63
19	PHALAENOPSIS PTY LTD	20,000	0.62
20	MR CHRISTOPHER JOHN MCDERMOTT & MRS BEVERLEY JUNE MCDERMOTT	18,750	0.58
<b>Total</b>		<b>1,765,632</b>	<b>54.61</b>
<b>Balance of register</b>		<b>1,467,645</b>	<b>45.39</b>
<b>Grand total</b>		<b>3,233,277</b>	<b>100.00</b>

**Listed options**

There are no listed options on issue

**Unlisted options**

There are no unlisted options.

**ASSET RESOLUTION LIMITED**
**INVESTORS' SUPPLEMENTARY INFORMATION (CONTINUED)**
**Details of substantial shareholders**

The following is a list of substantial shareholders of the Company and their associates:

<b>Name of substantial shareholder</b>	<b>Registered holder of the shares</b>	<b>Number of shares held</b>	<b>% of total shares</b>	<b>Associate of substantial shareholder</b>
Samuel Terry Asset Management Pty Ltd	JP Morgan Nominees Australia Limited	636,935	19.70%	Ms T Cochrane Mr F Woollard, Mr N Burgess
	J P Morgan Australia Ltd	389,957	12.06%	Ms T Cochrane Mr F Woollard Mr N Burgess
	Samuel Terry Asset Management Pty Ltd	14,584	0.45%	Ms T Cochrane Mr F Woollard Mr N Burgess
	Mr Frederick Woollard and Mrs Therese Cochrane <Woollard Super Fund>	185	0.01%	Ms T Cochrane Mr F Woollard
	Mr Nigel Burgess	30,945	0.96%	Mr N Burgess
	Sarah Linden <Kazodu Trust>	40,000	1.24%	Mr N Burgess
		<u>1,112,606</u>	<u>34.41%</u>	

**Distribution of shareholder numbers**

<b>Number of shares held</b>	<b>Number of shareholders</b>
1 – 1,000	2,084
1,001, - 5,000	269
5,001 – 10,000	15
10,001 – 100,000	22
More than 100,001	4
	<u>2,394</u>

**Types of securities and voting rights**

There is one class of ordinary shares. Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**Number of shareholders with less than a marketable parcel of securities**

As at 30 September 2020, there were a total of 26 shareholders with less than a marketable parcel of securities held in Asset Resolution Ltd.

**On-Market Buy Backs**

On-market buy-back of up to 646,655 fully paid ordinary Shares in the Company (representing approximately 20% of the Company's issued Shares as at 5 September 2019) in the 12 month period following Shareholder approval. At the date of this report nil Shares have been bought back. The buy-back will re-commence following the release of this Annual Report.

The Shareholders approved the on-market buy-back at the 2019 Annual General Meeting.

**Securities Exchange**

The Company is listed on the National Stock Exchange of Australia.

**Investments at balance sheet date**

At 30 June 2020, the Company held the following investments:

<b>Asset: Unlisted Ordinary Shares</b>	<b>Number of shares held</b>	<b>Cost on date of acquisition</b>	<b>Fair Value</b>
NobleOak Life Limited	2,580,645	\$4,000,000	\$4,000,000