



Consolidated Financial Statements

For the Year Ended 30 June 2021

Webster Dolilta Finance Ltd
ABN 49 004 664 322

Contents

For the Year Ended 30 June 2021

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Directors' Report

For the Year Ended 30 June 2021

The directors present their report, together with the consolidated financial statements of the Group for the financial year ended 30 June 2021.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Robert A. Baird B.A LL.B	Occupation: Solicitor and Director of Baird & McGregor Pty Ltd. Special responsibilities: Audit Committee Chairman. Owns 3,346 shares in Webster Dolilta Finance Ltd (including related parties).
Timothy S. Bunning CPA B.Ec	Occupation: Certified Practising Accountant. Special responsibilities: Chairman, Member of the Loans Committee. Owns 445 shares in Webster Dolilta Finance Ltd (including related parties).
Philip C. Cunningham FIPA GAICD	Occupation: Managing Director of Webster Dolilta Finance Ltd, Licensed Estate Agent and Director of Doepel Lilley & Taylor. Past president of the Provincial Finance Group. Special responsibilities: Member of the Loans Committee and Audit Committee. Owns 3,054 shares in Webster Dolilta Finance Ltd (including related parties).
Robert G. Cunningham CEA (REIV)	Occupation: Licensed Estate Agent and Director of Doepel Lilley & Taylor. Member of the Real Estate Institute of Victoria. Special responsibilities: Member of the Audit Committee. Owns 2,969 shares in Webster Dolilta Finance Ltd (including related parties).
Neale J. Gribble LL.B. B.Com	Occupation: Solicitor and Director of Baird & McGregor Pty Ltd. Special responsibilities: Member of the Audit Committee. Owns 3,065 shares in Webster Dolilta Finance Ltd (including related parties).
William H. McGregor OAM LL.B	Occupation: Solicitor and Consultant to Baird & McGregor Pty Ltd. Past President and Life Member of Provincial Finance Group. Special responsibilities: Loans Committee Chairman. Owns 1,805 shares in Webster Dolilta Finance Ltd (including related parties).
Robert N. Whitcher FIPA	Occupation: Retired Insurance Agent. Special responsibilities: Member of the Loans Committee. Owns 2,127 shares in Webster Dolilta Finance Ltd (including related parties).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of company secretary since the start of the financial year and to the date of this report:

Mr Philip C. Cunningham FIPA GAICD. Mr Cunningham has worked for Webster Dolilta Finance Ltd for 26 years, the last 22 as Managing Director. Mr Cunningham was appointed secretary on 31 July 1999.

Directors' Report

For the Year Ended 30 June 2021

Principal activities

The principal activities of the Group during the financial year were:

- Accept investments of money from the public in the form of Secured Notes; and
- Conduct lending on the security of registered mortgages over freehold land and buildings.

No significant change in the nature of these activities occurred during the year.

Operating results

The consolidated net profit of the Group after providing for income tax amounted to \$1,287,914 (2020 consolidated profit of \$1,259,680).

Dividends

Fully franked dividends of \$41.00 per share totalling \$900,770 were paid during the year. The dividends comprised two dividends declared at the board meeting held on 10 September 2020 of \$13.00 per share paid on 25 September 2020 and \$14.00 per share paid on 25 March 2021 and a special dividend of \$14.00 per share declared at the board meeting held on 9 February 2021 and paid on 12 March 2021.

Review of operations

Net profit of the Group after tax increased by \$28,234 after providing for credit losses of \$79,854 (2020: credit losses of \$228,705). The directors were satisfied with the operating performance of the Group during the year.

Meetings of directors

The attendances by each director of the company at meetings during the year was:

	Directors' Meetings		Loan Committee		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert A. Baird	11	11	-	-	4	4
Timothy S. Bunning	11	11	15	15	-	-
Philip C. Cunningham	11	11	15	15	4	4
Robert G. Cunningham	11	10	-	-	4	4
Neale J. Gribble	11	11	-	-	4	4
William H. McGregor	11	11	15	15	-	-
Robert N. Whitcher	11	11	15	15	-	-

Indemnification and insurance of officers and auditors

During the financial year the company has paid premiums to insure each of the directors and holders of proper authorities (but not the auditor of the Group) against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$9,630 (2020: \$8,667) for each director.

Directors' Report

For the Year Ended 30 June 2021

Share options

No options over issued shares in interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Proceedings on behalf of company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or its controlled entity or to intervene in any proceedings to which the Company or its controlled entity is a party for the purpose of taking responsibility on behalf of the company or its controlled entity for all or any part of those proceedings. The Company and its controlled entity were not a party to any such proceedings during the year.

Significant changes in state of affairs

During the reporting period, the Australian economy continued to be impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic, however, the Directors are closely monitoring how the pandemic may effect the real estate market, the ability of borrowers to meet their repayment obligations and the potential impact on the operations of the Group.

During the previous financial year the property, plant and equipment and financial investments of the controlled entity, Webster Investments Pty Ltd, were transferred to Webster Dolilta Finance Ltd and the Australian Financial Services Licence of the controlled entity was cancelled. The controlled entity was voluntarily deregistered on 1 February 2021.

There have been no other significant changes in the state of affairs of entities in the Group during the year.

Environmental regulations

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

Matters or circumstances arising after the end of the year

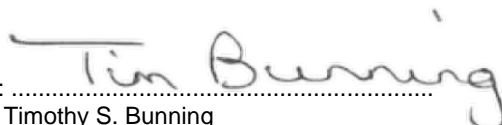
Subsequent to the end of the reporting period, the Australian economy has continued to be significantly impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic to the date of this report but, as the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID-19 on the Group's operations.

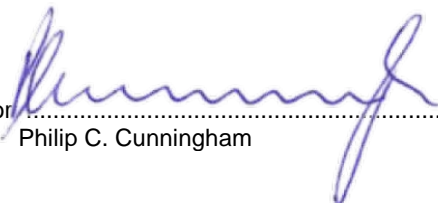
Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 4 of the consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Timothy S. Bunning

Director: 
Philip C. Cunningham

Dated: 1 October 2021



AUDITOR'S INDEPENDENCE DECLARATION

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As lead auditor for the audit of the financial report of Webster Dolilta Finance Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 1st day of October 2021

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
 For the Year Ended 30 June 2021**

	Note	Consolidated	
		2021	2020
		\$	\$
Interest received	3	5,090,102	5,985,542
Interest expense	3	(3,048,906)	(3,401,405)
Net interest revenue		2,041,196	2,584,137
Non interest revenue	4	740,579	602,959
Total operating income		2,781,775	3,187,096
Credit losses	5	(79,854)	(228,705)
Operating expenses	6	(1,612,471)	(1,658,698)
Operating profit		1,089,450	1,299,693
Net gain on disposal of investment property		600,051	39,537
Net gain on revaluation of investment property		-	335,000
Impairment of goodwill		-	(244,473)
Loss on disposal of plant and equipment		-	(5,847)
Net profit before income tax		1,689,501	1,423,910
Income tax expense	7	(401,587)	(164,230)
Net profit for the year		1,287,914	1,259,680
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net gain on revaluation of land and buildings, net of tax	7(b)	15,711	23,940
Net gain/(loss) on equity investments designated at FVOCI, net of tax	7(b)	500,756	(282,363)
Other comprehensive income for the year, net of tax		516,467	(258,423)
Total comprehensive income for the year		1,804,381	1,001,257
Profit attributable to:			
Members of the parent entity		1,287,914	1,259,680
Total comprehensive income attributable to:			
Members of the parent entity		1,804,381	1,001,257

Consolidated Statement of Financial Position
As At 30 June 2021

		Consolidated	
		2021	2020
	Note	\$	\$
Assets			
Cash and cash equivalents	9	3,766,522	4,642,723
Other financial assets	10	20,664,000	14,164,000
Receivables	11	276,357	688,784
Financial assets at FVOCI	12	2,249,272	1,232,788
Loans and advances	13	72,913,179	71,140,970
Investment properties	14	3,563,327	4,177,265
Property, plant and equipment	15	3,322,953	3,367,476
Total Assets		106,755,610	99,414,006
Liabilities			
Secured notes	16	95,188,902	88,894,012
Payables	17	802,896	821,097
Tax liabilities	18	984,566	776,913
Lease liabilities	19	-	60,411
Provisions	20	182,693	168,631
Total Liabilities		97,159,057	90,721,064
Net Assets		9,596,553	8,692,942
Equity			
Issued capital	21	2,710,712	2,710,712
Financial investment revaluation reserve	22	252,247	(250,551)
Property revaluation reserve	22	1,632,669	1,443,400
Retained earnings		5,000,925	4,789,381
Total Equity		9,596,553	8,692,942

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2021

2021

	Note	Issued capital	Financial investment revaluation reserve	Property revaluation reserve	Retained earnings	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2020		2,710,712	(250,551)	1,443,400	4,789,381	8,692,942
Profit attributable to members		-	-	-	1,287,914	1,287,914
Comprehensive income		-	500,756	15,711	-	516,467
Dividends paid or provided for	8	-	-	-	(900,770)	(900,770)
Transfer from reserve on disposal of financial investment		-	2,042	-	(2,042)	-
Transfer to reserve		-	-	173,558	(173,558)	-
Balance at 30 June 2021		2,710,712	252,247	1,632,669	5,000,925	9,596,553

2020

	Note	Issued capital	Financial investment revaluation reserve	Property revaluation reserve	Retained earnings	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2019		2,710,712	31,812	1,419,460	4,166,839	8,328,823
Profit attributable to members		-	-	-	1,259,680	1,259,680
Comprehensive income		-	(282,363)	23,940	-	(258,423)
Dividends paid or provided for	8	-	-	-	(637,138)	(637,138)
Balance at 30 June 2020		2,710,712	(250,551)	1,443,400	4,789,381	8,692,942

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Cash flows from operating activities:		
Interest received	5,100,419	6,005,815
Interest and other costs of finance paid	(3,102,992)	(3,491,018)
Recovery of CDOs	-	890,458
Fees, commissions and other income received	538,844	404,867
Rent received	189,736	210,092
Cash paid to suppliers and employees	(1,567,741)	(1,546,967)
Income taxes paid	(349,629)	(116,813)
Net cash provided by operating activities	808,637	2,356,434
30		
Cash flows from investing activities:		
Payments for development cost receivables	(976,509)	(700,403)
Proceeds from development cost receivables	1,421,705	351,184
Payments for financial investments	(397,281)	(502,760)
Proceeds from financial investments	52,958	-
Payments for investments properties	(1,828,568)	(925,118)
Proceeds from investment properties	3,010,471	893,701
Payments for property, plant and equipment	(9,671)	-
Proceeds from property, plant and equipment	-	5,000
Repayments of loans	70,684,330	42,158,280
Proceeds from loans	(72,536,393)	(42,271,991)
Net cash used in investing activities	(578,958)	(992,107)
Cash flows from financing activities:		
Proceeds from secured notes	27,322,341	29,440,154
Repayment of secured notes	(21,027,451)	(26,325,151)
Dividends paid	(900,770)	(933,733)
Net cash provided by financing activities	5,394,120	2,181,270
Net increase in cash and cash equivalents held		
	5,623,799	3,545,597
Cash and cash equivalents at beginning of year	18,806,723	15,261,126
Cash and cash equivalents at end of financial year	24,430,522	18,806,723
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The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report includes the financial statements and notes of Webster Dolilta Finance Ltd and its controlled entity ('the Group'). Webster Dolilta Finance Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Webster Dolilta Finance Ltd, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 14 September 2021 by the Directors of the company.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements, except cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been presented in Australian dollars and rounded to the nearest dollar.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of significant accounting policies

(a) Adoption of new and revised accounting standards

All accounting standards which became effective for the first time in the reporting period ended 30 June 2021 have been adopted by the Group. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(b) Basis for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Webster Dolilta Finance Ltd, and the subsidiary. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 27.

In the previous year the property, plant and equipment and financial investments of the subsidiary, Webster Investments Pty Ltd, were transferred to Webster Dolilta Finance Ltd and the Australian Financial Services License of the subsidiary was cancelled. The subsidiary was voluntarily deregistered on 1 February 2021.

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have the same financial year end as the parent entity.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(c) Income taxes

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/(assets) are therefore 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.

Current and deferred tax expense/(benefit) that relate to an item of comprehensive income/(expense) is charged or credited directly against the relevant item of comprehensive income/(expense).

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at the end of the reporting period. 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 it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Tax consolidation

Webster Doliita Finance Ltd and its wholly-owned Australian subsidiary were previously part of an income tax consolidated group under the tax consolidation legislation. Each entity in the group recognised its own current and deferred tax assets and liabilities. Such taxes were measured using the 'stand-alone taxpayer' approach to allocation. Current tax assets and liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2008 and the tax consolidated group ceased on the voluntary deregistration of the subsidiary on 1 February 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(d) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participants ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. For the purposes of the cash flow statement, cash and cash equivalents also includes other short-term highly liquid investments due to mature within three months or less of the financial year end which are convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Details of cash and cash equivalents are disclosed in Note 9.

(f) Receivables

Receivables includes interest accrued on investments, prepayments and other sundry receivables. Receivables expected to be collected or consumed within 12 months of the end of the reporting period are classified as current receivables. All other receivables are classified as non-current.

Receivables are measured at amortised cost using the effective interest rate method, less any provision for expected credit losses.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(g) Loans and advances

Loans and advances comprise secured and unsecured loans made in accordance with the Group's lending and credit policies. Loans and advances on terms set to mature within 12 months of the end of the reporting period are classified as current loans and advances. All other loans and advances are classified as non-current.

Loans and advances are measured at amortised cost using the effective interest rate method, less any provision for expected credit losses.

Provision for expected credit losses

A provision for expected credit losses is recognised for loans and advances when there is objective evidence that the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and cash flows expected to be received. This is applied using a probability weighted approach. The recoverable amount is determined by the Directors on the basis of independent valuations of properties held as security by appropriately qualified valuers and by an assessment by the Directors of the value of other security held.

Loan amounts are written off as bad debts when all practicable avenues of recovery have been exhausted. If a provision for expected credit losses has previously been recognised in relation to a loan, write offs for bad debts are made against the provision. If no provision for expected credit losses has previously been recognised, bad debts are recognised as expenses in profit or loss.

Details of loans and advances and provisions for expected credit losses are disclosed in Note 13.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Details of property, plant and equipment are disclosed in Note 15.

Land and buildings

Freehold land and buildings used by the Group in their day to day business activities are measured at their fair value (being the amount for which an asset in its highest and best use could be exchanged in an orderly transaction between market participants under market conditions at the reporting date in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset) based on periodic, but at least triennial, valuations by independent and appropriately qualified property valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recorded in comprehensive income and are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recorded in comprehensive income and charged against the relevant revaluation reserve in equity; all other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is first held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Building improvements	6.67 - 12.5%
Plant and Equipment	6.67 - 33.33%
Motor Vehicles	12.5%
Leasehold improvements	10 - 15%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets carrying value is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(i) Investment properties

Investment property, comprising land acquired for future subdivision and rental properties, are held to generate capital gains and long-term rental yields. All tenant leases are on an arms length basis. Investment properties are measured at fair value as determined by the Directors based on periodic, but ordinarily triennial, independent valuations by appropriately qualified property valuers. Changes to fair value are recorded in the consolidated statement of profit or loss as other income or other expenses.

Details of investment properties are disclosed in Note 14.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(j) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost; and
- fair value through other comprehensive income - equity instrument (FVOCI - equity).

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and amounts due from other financial institutions (interest earning deposits) in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less expected credit losses.

Interest income and expected credit losses are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Group has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Group has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset revaluation reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise secured notes and trade payables.

(k) Impairment of non-financial assets

At the end of each reporting period the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(l) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(m) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however, as additional information becomes known the actual results may differ from the estimates.

Key judgements

(i) Provision for expected credit losses of loans and advances

The Group recognises its loans and advances at amortised cost using the effective interest rate method, less any provision for expected credit losses. A provision for expected credit losses is recognised for loans and advances when there is objective evidence that the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit losses are measured at the present value of the difference between the cash flows due to the Group in accordance with the contract and cash flows expected to be received. This is applied using a probability weighted approach. The recoverable amount is determined by the Directors on the basis of independent valuations of properties held as security by appropriately qualified valuers and by an assessment by the Directors of the value of other security held.

During the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic to the date of this report, however, the Directors are closely monitoring how the pandemic may effect the real estate market, the ability of borrowers to meet their repayment obligations and the potential impact on the expected credit losses of the Group.

Key estimates

(i) Fair value of land and buildings

The Group carries its land and buildings at fair value with changes in the fair value recognised in comprehensive income and credited to a revaluation reserve in equity. Independent valuations are obtained at least triennially and at the end of each reporting period the Directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

During the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic to the date of this report, however, the Directors are closely monitoring how the pandemic may effect the real estate market and the potential impact on the fair value of land and buildings held by the Group.

(ii) Fair value of investment properties

The Group carries its investment properties at fair value with changes in the fair value recognised in profit or loss. Independent valuations are obtained ordinarily triennially and at the end of each reporting period the Directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

During the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic to the date of this report, however, the Directors are closely monitoring how the pandemic may effect the real estate market and the potential impact on the fair value of investment properties held by the Group.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(n) Revenue

Revenue is recognised under AASB 15 on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligation is transferred

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

Interest revenue on loans and advances and interest on investments is calculated on the daily balance outstanding and recognised when charged to loans on a monthly basis and also accrued on a proportional basis taking into account the interest rates applicable to the financial assets.

Fees, commission and rental income are recognised as revenues when received.

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

All revenue is recognised net of the amount of goods and services tax (GST).

(o) Leases

At entering into a contract, the Group assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Lessee accounting

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payable in the consolidated statement of financial position are stated inclusive of GST.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the relevant taxation authority.

(q) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
3 Interest		
Interest received on loans	4,978,113	5,664,246
Interest received on deposits with other financial institutions	111,989	321,296
	<u>5,090,102</u>	5,985,542
Interest expense on secured notes	<u>(3,048,906)</u>	<u>(3,401,405)</u>
Net interest revenue	<u><u>2,041,196</u></u>	<u><u>2,584,137</u></u>
4 Non interest revenue		
Administration fees	19,140	23,104
Application fees	370,197	218,610
Discharge fees	43,286	40,261
Dividends	52,811	55,225
Government subsidies (COVID-19 cash flow boost)	50,000	50,000
Rent received	201,736	198,092
Other income	3,409	17,667
	<u>740,579</u>	<u>602,959</u>
5 Credit losses		
Decrease in provision for expected credit losses for the year	-	849,319
Credit losses written off	<u>(79,854)</u>	<u>(1,078,024)</u>
	<u><u>(79,854)</u></u>	<u><u>(228,705)</u></u>

Details of the calculation of the provision for expected credit losses is disclosed in Note 13.

Notes to the Financial Statements
For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
6 Operating expenses		
Auditor's remuneration		
Auditing or reviewing the financial report	(66,550)	(70,950)
Administration expenses		
Personnel costs	(406,124)	(434,543)
Superannuation	(33,738)	(30,824)
Other administrative expenses	(312,308)	(321,615)
Accounting fees	(68,297)	(68,365)
Depreciation	(62,618)	(72,985)
Directors remuneration	(364,970)	(346,275)
Legal fees	(32,551)	(17,881)
Provision for employee entitlements	(14,062)	(22,437)
Other operating expenses	(251,253)	(272,823)
	<u>(1,612,471)</u>	<u>(1,658,698)</u>
7 Income tax expense		
The major components of tax expense comprise:		
Current tax expense	464,292	242,683
Net movement in deferred tax assets and liabilities	(62,705)	(78,453)
	<u>401,587</u>	<u>164,230</u>
(a) Reconciliation of income tax to accounting profit:		
Prima facie tax payable on net profit before tax at 26% (2020: 27.5%)	439,270	391,575
Add tax effect of non-allowable items	408	790
Add tax effect of prior year underprovision	-	190
Less tax effect of rebateable fully franked dividends received	(16,727)	(16,697)
Less tax effect of allocating cost of investment in subsidiary to assets transferred to the parent entity	-	(173,558)
Less tax effect of non-assessable income	(13,000)	(13,750)
Less tax effect of change in company tax rate	(8,364)	(24,320)
Income tax attributable to entity	<u>401,587</u>	<u>164,230</u>

Notes to the Financial Statements
 For the Year Ended 30 June 2021

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

	2021			2020		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	\$	\$	\$	\$	\$	\$
Gain on land and buildings revaluation	-	15,711	15,711	-	23,940	23,940
Gain/(loss) on financial investments at FVOCI - equity	672,162	(171,406)	500,756	(382,462)	100,099	(282,363)
	672,162	(155,695)	516,467	(382,462)	124,039	(258,423)

Consolidated	
2021	2020
\$	\$

8 Dividends

(a) Dividends paid

Fully franked ordinary dividend of \$41.00 per share franked at the tax rate of 26% (2020: \$29.00 per share franked at the tax rate of 27.5%) were paid or provided for during the year.

900,770	637,138
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(b) Balance of franking account

Balance of franking account at year end adjusted for franking credits arising from:

- payment of provision for income tax
- dividends recognised as receivables, and
- franking debits arising from payments of proposed dividends

2,808,399	2,482,825
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Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
9 Cash and cash equivalents		
Current		
Cash on hand	8,156	6,781
Cash at bank	<u>3,758,366</u>	<u>4,635,942</u>
	<u><u>3,766,522</u></u>	<u><u>4,642,723</u></u>
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	3,766,522	4,642,723
Short term deposits	<u>20,664,000</u>	<u>14,164,000</u>
	<u><u>24,430,522</u></u>	<u><u>18,806,723</u></u>
10 Other financial assets		
Interest earning deposits	<u>20,664,000</u>	<u>14,164,000</u>
	<u><u>20,664,000</u></u>	<u><u>14,164,000</u></u>
(a) Maturity analysis		
Not longer than three months	<u>20,664,000</u>	<u>14,164,000</u>
	<u><u>20,664,000</u></u>	<u><u>14,164,000</u></u>
11 Receivables		
Current		
Interest receivable - liquid reserves	6,727	17,044
Prepayments	56,596	50,142
Rental bonds	1,200	1,200
Refundable development bonds	211,834	37,052
Recoverable development costs	-	583,346
	<u>276,357</u>	<u>688,784</u>

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
12 Financial assets at FVOCI		
Non-current		
Investments in listed entities at FVOCI	<u>2,249,272</u>	1,232,788
	<u><u>2,249,272</u></u>	<u><u>1,232,788</u></u>
13 Loans and advances		
Loans - secured by mortgage	72,913,179	70,352,338
Loans - mortgagee in possession	-	788,632
	<u>72,913,179</u>	<u>71,140,970</u>
	<u><u>72,913,179</u></u>	<u><u>71,140,970</u></u>
(a) Maturity analysis		
Due within 1 year	40,795,924	50,283,141
Due after 1 year and not later than 2 years	16,451,621	12,642,126
Due after 2 years and not later than 5 years	11,927,980	3,653,659
Due after 5 years and not later than 30 years	3,737,654	4,562,044
	<u>72,913,179</u>	<u>71,140,970</u>
	<u><u>72,913,179</u></u>	<u><u>71,140,970</u></u>
(b) Provision for expected credit losses		
Opening balance	-	(849,319)
Decrease in provision for the year	-	849,319
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
(c) Loans by state		
Victoria	69,256,313	70,730,663
New South Wales	3,150,414	263,694
Tasmania	26,100	26,555
South Australia	480,352	120,058
	<u>72,913,179</u>	<u>71,140,970</u>
(d) Loans by sector		
Commercial and Industrial	25,458,781	21,229,276
Property Development	7,779,314	7,885,556
Residential	7,335,772	9,874,800
Residential Investment	27,299,454	26,569,128
Rural	4,959,726	5,508,681
Other	80,132	73,529
	<u>72,913,179</u>	<u>71,140,970</u>

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
14 Investment properties		
Current		
At valuation	-	1,772,124
Non-current		
At valuation (i)	<u>3,563,327</u>	2,346,174
	<u>3,563,327</u>	<u>4,118,298</u>
Right-of-use assets		
Land and buildings	-	75,814
Depreciation	-	(16,847)
	<u>-</u>	<u>58,967</u>
Total investment properties	<u><u>3,563,327</u></u>	<u><u>4,177,265</u></u>

The Directors value investment properties annually based on periodic, but ordinarily triennial, independent valuations by an appropriately qualified property valuer. The fair value model is applied to all investment properties held by the Group. Further information in relation to the fair value model is disclosed in Note 25.

(i) The non current investment property comprises:

- One investment property held by the parent entity valued at fair value based on an independent valuation of the investment property carried out by Chris Torpy (AAPI Certified Practising Valuer) on 20 August 2020.
- One investment property held by the parent entity valued at fair value based on an independent valuation carried out by Daniel Caruana (AAPI Certified Practising Valuer) on 19 August 2020.
- One investment property held by the parent entity valued at fair value based on an independent valuation carried out by Anthony Carter (AAPI Certified Practising Valuer) on 15 August 2019.
- One investment property held by the parent entity valued at fair value based on the arms length amount paid for the purchase of the property during the year.
- One investment property held by the parent entity valued at fair value based on the arms length amount paid for the purchase of the property during the prior year.

The directors have assessed that the carrying value of each of the properties at 30 June 2021 are not materially different to the fair value of the investment properties.

On 7 June 2021 the Group entered into a contract for the purchase of an investment property for \$2,300,000. The contract became unconditional on 30 June 2021 and since that date a deposit of \$460,000 has been paid by the Group with settlement of the purchase due to occur on 6 June 2022.

Notes to the Financial Statements
 For the Year Ended 30 June 2021

(a) Movement in carrying amounts

	Investment properties	Right-of-use assets	Total
	\$	\$	\$
Consolidated			
2021			
Balance at the beginning of the year	4,118,298	58,967	4,177,265
Additions from subsequent expenditure	1,855,449	-	1,855,449
Revaluation due to lease cancelled	-	(50,543)	(50,543)
Depreciation expense	-	(8,424)	(8,424)
Disposals	(2,410,420)	-	(2,410,420)
Balance at the end of the year	3,563,327	-	3,563,327

	Investment properties	Right-of-use assets	Total
	\$	\$	\$
Consolidated			
2020			
Balance at the beginning of the year	3,712,343	-	3,712,343
Additions from subsequent expenditure	925,118	-	925,118
Initial recognition of right-of-use asset under AASB 16	-	75,814	75,814
Depreciation expense	-	(16,847)	(16,847)
Disposals	(854,163)	-	(854,163)
Revaluation increment	335,000	-	335,000
Balance at the end of the year	4,118,298	58,967	4,177,265

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
15 Property, plant and equipment		
Non current		
Land and buildings		
Freehold land		
At valuation (i)	<u>1,700,000</u>	1,700,000
	<u>1,700,000</u>	1,700,000
Buildings		
At valuation (i)	1,680,000	1,680,000
Less accumulated depreciation	<u>(84,115)</u>	<u>(42,115)</u>
	<u>1,595,885</u>	1,637,885
	<u>3,295,885</u>	3,337,885
Plant and equipment		
Office and other equipment		
At cost	140,258	130,587
Less accumulated depreciation	<u>(113,190)</u>	<u>(100,996)</u>
	<u>27,068</u>	29,591
Total property, plant and equipment	<u><u>3,322,953</u></u>	<u><u>3,367,476</u></u>

The fair value model is applied to all land and buildings held by the Group. Revaluations of land and buildings are made in accordance with a policy of regular revaluation of land and buildings based on periodic, but ordinarily triennial, independent valuations by an appropriately qualified property valuer. Further information in relation to the fair value model is disclosed in Note 25.

(i) The revaluation of freehold land and buildings held by the parent entity was based on independent valuations of two properties carried out by Leah E. Haby (AAPI Certified Practising Valuer) on 25 July 2019. The Directors have assessed that the carrying value at 30 June 2021 is not materially different to the fair value. The freehold land and buildings held by the parent entity includes a property that had been held by the subsidiary in previous years. The property was transferred to the parent entity during the previous reporting period.

Notes to the Financial Statements
 For the Year Ended 30 June 2021

(a) Movements in carrying amounts of property, plant and equipment

	Land	Buildings	Plant and equipment	Motor vehicles	Total
Consolidated	\$	\$	\$	\$	\$
2021					
Balance at the beginning of year	1,700,000	1,637,885	29,591	-	3,367,476
Additions	-	-	9,671	-	9,671
Depreciation expense	-	(42,000)	(12,194)	-	(54,194)
Balance at the end of the year	1,700,000	1,595,885	27,068	-	3,322,953

	Land	Buildings	Plant and equipment	Motor vehicles	Total
Consolidated	\$	\$	\$	\$	\$
2020					
Balance at the beginning of year	1,700,000	1,680,000	43,433	11,029	3,434,462
Depreciation expense	-	(42,115)	(13,842)	(183)	(56,140)
Disposals at written down value	-	-	-	(10,846)	(10,846)
Balance at the end of the year	1,700,000	1,637,885	29,591	-	3,367,476

Consolidated	
2021	2020
\$	\$

(b) Historical cost

If land and buildings had been stated at historical cost, amounts would be as follows:

At cost	1,335,613	1,335,613
Accumulated depreciation	(398,909)	(376,309)
Net book value	936,704	959,304

Notes to the Financial Statements
For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
16 Secured notes		
Secured notes	95,188,902	88,894,012
	95,188,902	88,894,012

Concentration of secured notes

Practically all secured note holders are residents of Victoria. The Group do not actively seek funds from non-Victorian residents.

(a) Maturity analysis

Due within 1 year	83,963,806	74,863,009
Due after 1 year and not later than 3 years	11,225,096	14,031,003
	95,188,902	88,894,012

As demonstrated in the statement of cash flows there is an average positive net movement in secured notes over the three financial years to 30 June 2021 of \$5,980,160 (average over three financial years to 30 June 2020: \$4,507,913).

	Consolidated	
	2021	2020
	\$	\$
17 Payables		
Current		
Accrued interest payable	659,763	713,849
Amounts received in advance	-	12,000
GST liability	2,321	5,344
Development creditors	63,514	-
Other payables	77,298	89,904
	802,896	821,097

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
18 Tax liabilities		
Current		
Provision for income tax	298,811	28,454
	<u>298,811</u>	<u>28,454</u>
Non-current		
Net deferred tax liabilities comprises:		
Deferred tax liability from asset revaluation	708,884	946,701
Deferred tax (asset)/liability from financial investment revaluation	83,905	(88,032)
Deferred tax (asset) from expenses not deductible until paid	268	(2,427)
Deferred tax (asset) from provisions not deductible until paid or written off	(45,673)	(107,407)
Deferred tax (asset) from capital losses carried forward	(61,629)	-
Deferred tax (asset) from right of use assets	-	(376)
	<u>685,755</u>	<u>748,459</u>
	<u><u>984,566</u></u>	<u><u>776,913</u></u>
19 Lease liabilities		
Current		
Lease liabilities	-	16,194
Non-current		
Lease liabilities	-	44,217
	<u>-</u>	<u>60,411</u>

The Group as a lessee

The Group had a lease over an investment property in the prior year. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The investment property lease related to business premises in Ballarat which were sub-leased to an unrelated tenant. The lease was in place at 1 January 2019 and at that date had a remaining term of 12 months with the option for a further extension of 36 months. The directors decided not to renew the lease and, accordingly, the lease ended on 1 January 2021.

Notes to the Financial Statements
 For the Year Ended 30 June 2021

(a) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated			Lease liabilities included in this consolidated statement of financial position
	< 1 year	1 - 5 years	Total undiscounted lease liabilities	
	\$	\$	\$	\$
2021				
Lease liabilities	-	-	-	-
2020				
Lease liabilities	18,857	47,143	66,000	60,411

Consolidated	
2021	2020
\$	\$

(b) Amounts recognised in the Consolidated Statement of Profit or Loss

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

Rental income from sub-leasing right-of-use assets	14,821	14,118
Interest expense on lease liabilities	(1,433)	(3,455)
Depreciation of right-of-use assets	(8,424)	(16,847)
Adjustment due to lease cancelled	1,873	-
	6,837	(6,184)

20 Provisions

Current

Employee entitlements

Annual leave	95,692	88,308
Long service leave	87,001	80,323
	182,693	168,631

Notes to the Financial Statements
 For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
21 Issued capital		
21,970 (2020: 21,970) fully paid ordinary shares	2,710,712	2,710,712
	2,710,712	2,710,712

The Company has authorised capital of 21,970 shares. The shares do not have a par value.

Capital management

Management controls the capital of the Group in order to maintain a debt to equity ratio sufficient to ensure that the Group can fund its operations, provide shareholders with adequate returns and to continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group needs to meet certain capital requirements imposed by its Trustee. These capital requirements have been met for the year ended 30 June 2021. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of secured note and loan levels and management of distributions to shareholders.

There have been no changes in the strategy adopted by management.

	Consolidated	
	2021	2020
	\$	\$
<i>Gearing Ratio</i>		
Secured notes	95,188,902	88,894,012
Payables	802,896	821,097
Less cash and cash equivalents	(3,766,522)	(4,642,723)
Less interest earning deposits	(20,664,000)	(14,164,000)
Net debt	71,561,276	70,908,386
Total equity	9,596,553	8,692,942
Total capital	81,157,829	79,601,328
Gearing ratio (net debt/total capital)	88.18 %	89.08 %

Notes to the Financial Statements

For the Year Ended 30 June 2021

Equity Capital Benchmark

ASIC Regulatory Guide 69 - Debentures and notes: Improving disclosure for retail investors sets a non-mandatory benchmark of 8% equity capital ratio for issuers of unlisted secured notes whose activities do not include significant levels of property development or lending for property development and a non-mandatory benchmark of 20% equity capital ratio for issuers of unlisted secured notes whose activities include significant levels of property development or lending for property development.

For the purpose of the benchmark significant levels of property development is considered to be where the level of property development and lending for property development is more than 10% of the secured notes on issue.

At 30 June 2021 the level of property development and lending for property development of the Group amounted to 8.17% of the secured notes on issue (2020: 10.86%). Accordingly, the Group is not considered to have significant levels of property development or lending for property development in the current year.

The Group has met the equity capital ratio benchmark set by ASIC at 30 June 2021 of 8% (the equity capital ratio benchmark of 20% was not met at 30 June 2020). The Directors of the Group believe that its current level of equity capital is adequate for its current activities.

	Consolidated	
	2021	2020
	\$	\$
<i>Equity Capital Ratio</i>		
Equity capital	9,596,553	8,692,942
Total liabilities	97,159,057	90,721,064
	106,755,610	99,414,006
Equity capital ratio (equity capital / total equity plus liabilities)	8.99 %	8.74 %

Notes to the Financial Statements

For the Year Ended 30 June 2021

Other Capital Requirements

The Group is required to meet capital requirements imposed by its trustee. The capital requirements imposed by the Trustee prohibits the Group from issuing new secured notes unless its total tangible assets exceed its external liabilities by \$500,000 or its total external liabilities do not exceed 98% of the total tangible assets of the Group.

The Group's total tangible assets exceeded its total external liabilities by greater than \$500,000 for the years ended 30 June 2021 and 30 June 2020 and, accordingly, the capital requirements imposed by the Trustee have been met for these years.

	Consolidated	
	2021	2020
	\$	\$
<i>External Liabilities Ratio</i>		
Total liabilities	97,159,057	90,721,064
Add back deferred tax assets	107,302	198,242
Total external liabilities	97,266,359	90,919,306
Total assets	106,755,610	99,414,006
Less interest receivable	(6,727)	(17,044)
Total tangible assets	106,748,883	99,396,962
Total tangible assets minus total external liabilities	9,482,524	8,477,656
Total external liabilities ratio (total external liabilities/total tangible assets)	91.12 %	91.47 %

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Reserves

Asset revaluation reserve

The Asset Revaluation Reserves comprise the Property Revaluation Reserve (Land and Buildings Revaluation Reserve) and the Financial Investment Revaluation Reserve. The Property Revaluation Reserve comprises unrealised gains on freehold land and buildings used by the Group in their day to day operation arising from their revaluation to fair value. The Financial Investment Revaluation Reserve comprises unrealised gains or losses on financial investments held at fair value through other comprehensive income arising from their revaluation to fair value.

	Consolidated	
	2021	2020
	\$	\$
Analysis of each class of reserve		
Financial investment revaluation reserve		
Financial investment revaluation reserve	252,247	(250,551)
Property revaluation reserve		
Land and building revaluation reserve	1,632,669	1,443,400
	1,884,916	1,192,849

23 Leasing commitments

(a) Assets

Minimum lease receipts:

- not later than one year	135,742	121,082
- between one year and five years	395,302	378,742
	531,044	499,824

The Group have rental leases in place over six investment properties owned by the Group. Commercial property leases that are in place normally have a term of 5 years with the option for renewal by the tenant. Residential property leases that are in place have an initial term of 12 months and are in accordance with the Residential Tenancy Agreement requirements.

(b) Liabilities

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	9,525
	-	9,525

The Group had a rental lease in place for one commercial rental property which had an initial term of 3 years with the option of an additional two terms of 3 years each. The lease was in place at 1 January 2019 and at that date had a remaining term of 12 months with the option for a further extension of 36 months. The directors decided not to renew the lease and, accordingly, the lease ended on 1 January 2021. Under AASB16 *Leases* the operating lease commitment was recognised as a liability in the prior year effective from 1 July 2019 as set out in Note 19.

Notes to the Financial Statements

For the Year Ended 30 June 2021

24 Contracted commitments

On 7 June 2021 the Group entered into a contract for the purchase of an investment property for \$2,300,000. The contract became unconditional on 30 June 2021 and since that date a deposit of \$460,000 has been paid by the Group. At the date of this report the \$1,840,000 balance of the commitment remains to be paid on settlement of the purchase, which is due to occur on 6 June 2022.

Consolidated	
2021	2020
\$	\$

(a) Contracted assets

Contracted assets at the end of the financial year not recorded in the Statement of Financial Position:

Purchase of investment property	<u>2,300,000</u>	-
	<u>2,300,000</u>	-

(b) Contracted liabilities

Contracted liabilities at the end of the financial year not recorded in the Statement of Financial Position:

Liability for purchase of investment property	<u>2,300,000</u>	-
	<u>2,300,000</u>	-

Notes to the Financial Statements

For the Year Ended 30 June 2021

25 Fair value measurement

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

- Property, plant and equipment - land and buildings;
- Investment property; and
- Financial assets.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
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 asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

Consolidated 30 June 2021	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Assets					
Financial assets at FVOCI	12	2,249,272	-	-	2,249,272
Investment properties	14	-	3,563,327	-	3,563,327
Property, plant and equipment - land and buildings	15	-	3,295,885	-	3,295,885
Total assets		<u>2,249,272</u>	<u>6,859,212</u>	<u>-</u>	<u>9,108,484</u>

Consolidated 30 June 2020	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Assets					
Financial assets at FVOCI	12	1,232,788	-	-	1,232,788
Investment properties	14	-	4,118,298	-	4,118,298
Property, plant and equipment - land and buildings	15	-	3,337,885	-	3,337,885
Total assets		<u>1,232,788</u>	<u>7,456,183</u>	<u>-</u>	<u>8,688,971</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

Level 1 measurements

The revaluation of financial assets at FVOCI under Level 1 relate to investments in listed entities and are based on the quoted price for the investments on the relevant stock exchange at the reporting date.

Level 2 measurements

The revaluation of investment property and property, plant and equipment - land and buildings are based on the assessment of their current market value on the assumption of the asset's highest and best use. The revaluations of investment property and property, plant and equipment - land and buildings held by the Group are made in accordance with a regular policy of revaluation and, except for acquisitions or additions recorded at cost, are based on market valuations provided by appropriately qualified and independent registered valuers conducted on a periodic, but at least triennial, basis. Details of the investment properties held and the specific basis for revaluation are disclosed at Note 14. Details of the land and buildings held and the specific basis for revaluation are disclosed at Note 15.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

26 Segment information

The Group operates as a member of Provincial Finance Group Incorporated in the financial services industry within the state of Victoria.

27 Controlled entities

Name	Country of Incorporation	Percentage Owned (%)*	
		2021	2020
Parent entity:			
Webster Dolilta Finance Ltd	Australia		
Subsidiaries:			
Webster Investments Pty Ltd	Australia	-	100

In the previous year the property, plant and equipment and financial investments of the subsidiary, Webster Investments Pty Ltd, were transferred to Webster Dolilta Finance Ltd and the Australian Financial Services License of the subsidiary was cancelled. The subsidiary was voluntarily deregistered on 1 February 2021.

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Notes to the Financial Statements
For the Year Ended 30 June 2021

28 Parent entity

The following information has been extracted from the books and records of the parent, Webster Dolilta Finance Ltd and has been prepared in accordance with Accounting Standards.

In the previous year the property, plant and equipment and financial investments of the subsidiary, Webster Investments Pty Ltd, were transferred to Webster Dolilta Finance Ltd and the Australian Financial Services License of the subsidiary was cancelled. The subsidiary was voluntarily deregistered on 1 February 2021. Accordingly, the financial information for the parent entity for the year ended 30 June 2021 is the same as the consolidated financial information.

The financial information for the parent entity, Webster Dolilta Finance Ltd has been prepared on the same basis as the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of the investment.

	Parent 2021 \$	Parent 2020 \$
Statement of Financial Position		
Assets		
Current assets	65,502,803	72,783,561
Non-current assets	41,252,807	26,856,822
Total Assets	106,755,610	99,640,383
Liabilities		
Current liabilities	85,248,206	76,123,760
Non-current liabilities	11,910,851	14,823,681
Total Liabilities	97,159,057	90,947,441
Equity		
Issued capital	2,710,712	2,710,712
Retained earnings	5,000,925	4,789,381
Property revaluation reserve	1,632,669	1,443,400
Financial investment revaluation reserve	252,247	(250,551)
Total Equity	9,596,553	8,692,942
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	1,287,914	3,007,469
Other comprehensive income	516,467	205,876
Total comprehensive income	1,804,381	3,213,345

Notes to the Financial Statements

For the Year Ended 30 June 2021

29 Key management personnel remuneration

(a) Compensation practices

The board's policy for determining the nature and amount of compensation of key management for the Group is as follows:

(i) Directors

The compensation structure for directors is based on the overall performance of the Group.

(b) Key management personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key management person	Position
Robert A. Baird	Director
Timothy S. Bunning	Director
Philip C. Cunningham	Managing Director
Robert G. Cunningham	Director
Neale J. Gribble	Director
William H. McGregor	Director
Robert N. Whitcher	Director
Paul D. Burke	Member of the Loans Committee

(c) Key management personnel compensation

	Salary and fees	Non-cash benefits	Superannuation benefits	Total
	\$	\$	\$	\$
2021	467,900	11,788	62,920	542,608
2020	447,400	14,680	60,757	522,837

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
	\$	\$
30 Cash flow information		
Reconciliation of cash flow from operations with net profit after income tax		
Total net profit or loss for the year	1,287,914	1,259,680
Cash flows excluded from profit attributable to operating activities		
Profit on disposal of investment properties	(600,051)	(39,537)
Net loss on disposal of property, plant and equipment	-	5,847
Net gain on revaluation of investment properties	-	(335,000)
Impairment of goodwill	-	244,473
Non-cash flows in profit:		
Depreciation	62,618	72,987
Expected credit losses written off	79,854	1,078,024
Changes in assets and liabilities attributable to operating activities		
Decrease in receivables	3,863	923,042
Increase in provision for expected credit losses	-	(849,319)
Decrease in payables	(91,581)	(73,617)
Increase in income taxes payable	270,357	1,832
(Decrease)/increase in deferred taxes payable	(218,399)	45,585
Increase in employee entitlements	14,062	22,437
Cashflows from operations	808,637	2,356,434

31 Financial risk management

The Group's financial instruments consist mainly of cash and cash equivalents, deposits with other financial institutions and loans secured by mortgage. The Group's overall risk management strategy seeks to assist in meeting its financial targets, while minimising the risk of potential adverse effects on financial performance.

Credit risk

Credit risk is the risk that the other party to the financial instrument will fail to discharge the obligation or commitment that it has entered into with the Group. The Group has a credit policy in place and, to the extent possible, actively assesses the credit worthiness of the borrowers and entities with whom deposits are held. The credit policy permits the Group to make loans secured by first mortgages over property with a lending ratio not exceeding 80% of the value of the property. The credit policy permits the Group to make unsecured loans of not more than \$5,000 per loan. The Group monitors the receipt of loan repayments from borrowers and acts in accordance with the credit policy when loan repayments become in arrears.

The maximum amount of exposure to credit risk at the balance date to recognised financial assets, excluding the value of any collateral or other security, is the carrying amount net of any provisions for expected credit losses related to those assets.

The total value of mortgage loans at the balance date in arrears but not impaired was \$1,057,100 (2020: \$2,149,950) the ageing of which is set out in the table below. The total value of properties held as security over mortgage loans in arrears but not impaired was \$1,785,000 (2020: \$3,340,000).

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated			
	2021 Loan amounts	2020 Loan amounts	2021 Repayments in arrears	2020 Repayments in arrears
	\$	\$	\$	\$
Composition of loans in arrears but not impaired				
Greater than 30 days but less than 60 days	-	125,859	-	968
Greater than 60 days but less than 90 days	-	94,646	-	2,142
Greater than 90 days	1,057,100	1,929,445	56,652	155,687
	1,057,100	2,149,950	56,652	158,797

The Group holds cash and cash equivalent assets and deposits with other financial institutions. The Group manages the risk of default by other financial institutions by only investing with organisations that have maintained a high credit rating.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due and payable. The Group is exposed to the liquidity risk of needing to meet secured not holders withdrawals at the end of the term of the secured note. The proportions of secured notes due within 1 year and due after 1 year are disclosed in Note 16.

The Group manages liquidity by monitoring actual and forecast cashflows on a quarterly basis to ensure that it has sufficient liquidity to meet its liabilities when they become due. The Group's liquidity is measured as the cash and short term deposits held as a proportion of total secured notes on issue. The Group's policy includes ensuring a minimum level of 7.5% liquidity is maintained and, in the event the Group's liquidity nears 7.5% the Group stops lending in order to increase its liquidity level.

	Consolidated	
	2021	2020
	\$	\$
<i>Liquidity ratio</i>		
Cash and cash equivalents	3,766,522	4,642,723
Short term deposits	20,664,000	14,164,000
	24,430,522	18,806,723
Secured notes	95,188,902	88,894,012
	95,188,902	88,894,012
Liquidity ratio (cash and short term deposits / secured notes)	25.66 %	21.16 %

Notes to the Financial Statements

For the Year Ended 30 June 2021

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair value of fixed rate financial investments. The Group is exposed to earnings volatility on floating instruments as the investments of the Group largely comprise first registered mortgages with variable interest rates. The Group has in place a policy to manage interest rate risk by monitoring and controlling the level of fixed and floating rate deposits and loans on a regular basis.

The interest rate risk financial instrument composition and maturity analysis is shown on page 44.

Interest rate sensitivity analysis

At 30 June 2021 the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	Consolidated	
	2021	2020
	\$	\$
Changes in profit after tax		
- Increase in interest rates of 2%	31,891	15,278
- Decrease in interest rates of 2%	(31,891)	(15,278)
Changes in equity		
- Increase in interest rates of 2%	31,891	15,278
- Decrease in interest rates of 2%	(31,891)	(15,278)

The Group is bound only by the interest rates available to it within its liquidity portfolio. Apart from the liquidity portfolio, the Directors use their discretion to set interest rates in respect of the secured notes and lending products the Group offers to the market.

Net fair values

The net fair values of listed investments have been valued at the quoted market bid price at the balance date. For other assets and other liabilities the net fair value approximate their carrying values. No financial assets or liabilities of the Group are readily traded on organised markets in standardised form other than listed investments.

The aggregate fair values and carrying amounts of financial assets and financial liabilities at the balance date are disclosed in the statement of financial position and in the notes to the financial statements. Fair values are in line with carrying values.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Interest rate risk - financial instrument composition and maturity analysis

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating term		Maturing within 1 year		Maturing after 1 year		Non-interest bearing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	0.10	0.10	3,766,522	4,642,723	-	-	-	-	-	-	3,766,522	4,642,723
Other financial assets - interest earning deposits	0.23	0.69	-	-	20,664,000	14,164,000	-	-	-	-	20,664,000	14,164,000
Loans and advances	7.65	8.02	-	-	40,795,924	50,283,141	32,117,255	20,857,829	-	-	72,913,179	71,140,970
Total financial assets			3,766,522	4,642,723	61,459,924	64,447,141	32,117,255	20,857,829	-	-	97,343,701	89,947,693
Financial Liabilities:												
Secured notes	3.15	3.46	-	-	83,963,806	74,893,009	11,225,096	14,031,003	-	-	95,188,902	88,924,012
Accrued interest payable	-	-	-	-	-	-	-	-	659,763	713,849	659,763	713,849
Total financial liabilities			-	-	83,963,806	74,893,009	11,225,096	14,031,003	659,763	713,849	95,848,665	89,637,861

Notes to the Financial Statements

For the Year Ended 30 June 2021

32 Related parties

(a) Transactions with related parties

During the year the Group had transactions with Baird & McGregor Pty Ltd, a firm of solicitors of which two of the current directors of the Group are directors and Doepel, Lilley & Taylor, a firm of real estate agents of which two of the current directors of the Group are directors. The details of transactions with these and other related parties during the year are set out below:

The following transactions occurred with related parties:

- (i) During the year rental income of \$36,000 (2020: \$42,000) was received from Baird & McGregor Pty Ltd. The rent was charged at commercial rates for the use of office space in Ballarat. In accordance with the Group's obligations under the mandatory Code of Conduct for Commercial Tenancies, the rent for the six months from April to September 2020 was discounted by 50%.
- (ii) During the year rental income of \$36,000 (2020: \$42,000) was received from Doepel, Lilley & Taylor. The rent was charged at commercial rates for the use of office space in Ballarat. In accordance with the Group's obligations under the mandatory Code of Conduct for Commercial Tenancies, the rent for the six months from April to September 2020 was discounted by 50%.
- (iii) During the year development costs were paid in respect of a property jointly owned with the Baird Cullenward Family Trust and another unrelated party. The Baird Cullenward Family Trust is controlled by a current director of the Group. Of the development costs paid by the Group during the year \$448,639 (2020: \$326,880) are attributable to the Baird Cullenward Family Trust. During the year the Group were reimbursed by the Baird Cullenward Family Trust for \$863,905 (2020: \$14,440) for development costs incurred on its behalf. At the reporting date the balance of recoverable development costs paid on behalf of the Baird Cullenward Family Trust was \$754 (2020: \$416,020).
- (iv) During the year legal fees were paid to Baird & McGregor Pty Ltd of \$49,427 (2020: \$8,055) for services provided for conveyancing on the sale of investment properties owned by the Group and for legal services provided to the Group. The amounts paid were either at commercial rates or at a discount to commercial rates.
- (v) During the year agents commissions were paid to Doepel, Lilley & Taylor of \$123,996 (2020: \$28,425) for services provided in selling investment properties owned by the Group. The amounts paid were either at commercial rates or at a discount to commercial rates.
- (vi) During the year rental commissions were paid to Doepel, Lilley & Taylor of \$3,336 (2020: \$3,912) for services provided in managing the rental properties owned by the Group. The amounts were charged at commercial rates.
- (vii) During the year a management fee of \$33,000 (2020: \$33,000) was paid to Doepel Lilley & Taylor for administrative services provided to the Group.
- (viii) During the year a management fee of \$33,000 (2020: \$33,000) was paid to Baird & McGregor Pty Ltd for administrative services provided to the Group.
- (ix) Details of key management personnel remuneration is disclosed in Note 28 to the accounts.
- (v) The shares owned by the Directors in Webster Dolilta Finance Ltd are disclosed in the Directors Report on page 1.

Notes to the Financial Statements

For the Year Ended 30 June 2021

(b) Loans and advances to related parties

The Group has made loans to directors, key management personnel and other related parties. The loans to related parties are subject to the same requirements under the credit and lending policies of the Group and to the same terms and approval process as other loans made by the Group. Interest is payable on the loans at a variable interest rate which was 5.77% at 30 June 2021 (6.03% at 30 June 2020).

The total number and balances of loans to related parties are as follows:

	Consolidated			
	2021	2020	2021	2020
	Number of loans	Number of loans	\$	\$
Secured loans	5	6	1,125,284	1,632,521
	5	6	1,125,284	1,632,521

Loans to related parties represent 1.54% (2020: 2.29%) of the total loans made by the Group by value.

(c) Secured note investments by related parties

The Group has received investments from directors, key management personnel and other related parties in secured notes. The terms of the investments in secured notes by the related parties are on the same terms and conditions as apply to other staff members investments in secured notes. As the investments in secured notes are on the same terms as apply to other staff members it is not considered necessary to disclose the individual investments of the related parties as it would potentially breach the obligations of the Group to the privacy of investors.

The total number and amount of investments in secured notes held by related parties are as follows:

	Consolidated			
	2021	2020	2021	2020
	Number of secured notes	Number of secured notes	\$	\$
30 day notice notes	31	31	2,296,935	1,335,337
Term notes	26	24	921,174	482,714
	57	55	3,218,109	1,818,051

Deposits from related parties represent 3.38% (2020: 2.05%) of the total secured notes issued by the Group by value.

Notes to the Financial Statements

For the Year Ended 30 June 2021

33 Contingencies

The Group has no known material contingent assets or contingent liabilities as at 30 June 2021.

34 Events occurring after the reporting date

Subsequent to the end of the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic. The Group have not been significantly impacted by the pandemic to the date of this report but, as the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID-19 on the Group's operations.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

35 Statutory information

The registered office and principal place of business of the company is:

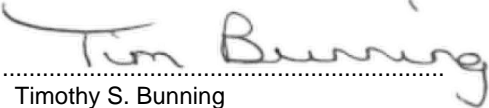
Webster Dolilta Finance Ltd
44 Armstrong Street South
Ballarat VIC 3350

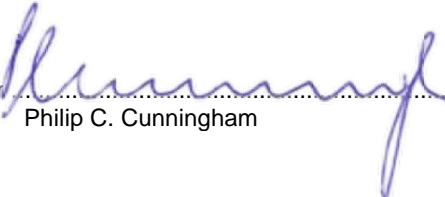
Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2021, as set out on pages 5 to 47, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*, which, as stated in the accounting policy Note 2 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position of the consolidated group as at 30 June 2021 and of the performance of the Group for the year ended on that date;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 
Timothy S. Bunning

Director 
Philip C. Cunningham

Dated: 1 October 2021



INDEPENDENT AUDITOR'S REPORT To the Members of Webster Dolilta Finance Ltd

RSM Australia Partners

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Opinion

We have audited the financial report of Webster Dolilta Finance Ltd ("the company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

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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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS



JOHN FINDLAY

Partner

Ballarat, Victoria

Dated this 1st day of October 2021