AHC

ABN 73 010 544 699

ANNUAL REPORT

30 June 2019

DIRECTORS' REPORT

The Directors present their report, together with the Financial Statements of AHC Limited, for the financial year ended 30 June 2019.

DIRECTORS

The Directors of AHC Limited in office at any time during or since the end of the financial year are as follows:

- Ian Roderick MacLeod
- Wayne Benson Lester
- Rod Lindsay MacLeod
- Rodney Joseph Walsh
- Sheryl Anne MacLeod

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 at the end of the financial year:

Mrs Sheryl Anne MacLeod – Bachelor of Business (Accounting). Mrs MacLeod has worked for AHC Limited for the past 30 years. Mrs MacLeod was appointed Company Secretary on 29 October 1996.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were: -

- Property Development for long term asset portfolio creation, and
- Subdivision of land for residential and commercial development.
- Ownership/Management of Shopping Centre.

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

OPERATING RESULTS

The loss of the company after providing for income tax for the twelve months ended 30 June 2019 amounted to $161,686

DIVIDENDS PAID OR RECOMMENDED

No dividend was paid for the financial year ending 2019.

REVIEW OF OPERATIONS

Parkhurst Shopping Centre – Rockhampton

With government infrastructure spending well under way in the region including the Yaamba Road (Bruce Highway) upgrade as well as the Capricorn Correctional Centre upgrade amongst other projects, this is paying dividends throughout the centre.

Continued increased foot traffic in the past 6 months has seen the centre break through the 24,000 person visits per week and is certainly being reflected through increased turnover figures from specialty tenants and the anchor tenant alike.

DIRECTORS' REPORT

Off the back of the infrastructure spending and increased foot traffic we can now boast four extra leased tenancies on this same time last year and more on the way. Central Queensland is experiencing renewed optimism certainly as a result of projects like the Adani mine approval in the first half of 2019 as work and affordable housing is becoming more readily accessible in Central Queensland.

The Parkhurst Town Centre is continuing to mature as a place to shop, eat and relax for the surrounding residential community as a result of its diverse tenancy mix. The company continues to be proud of its approach to help small business and locals in the Central Queensland community.

Drury Lane Industrial - Hervey Bay

The first stage of 11 lots ranging from 2,000m2 - 4,000m2 as at 30 June 2019 was effectively completed in October 2018. Unfortunately, due to the actions of the Department of Transport and Main Roads the lots were not registered as at 30 June 2019.

However, issues surrounding the inability to obtain our plan of subdivision approval from DTMR and Fraser Coast Regional Council had been resolved. We are looking forward to opening up the development to the travelling public and all interested buyers.

Howard Residential Estate - Hervey Bay

Encouragingly, AHC Limited had agreed the terms of an infrastructure agreement to provide sewerage to the town of Howard and the AHC Howard development.

An Infrastructure Agreement (IA) with the Fraser Coast Regional Council has effectively provided the green light towards the development kicking off in 2020.

The second half of 2019 will see the company work extremely hard on confirming plans, pricing and marketing material to enable a full launch of the development into early 2020.

The Howard development will likely produce more than $100 million in sales and around $1.9 million in gross site rentals per year once fully developed.

General Business

In April 2019, AHC Limited relocated its registered office from Worongary to Southport. The company is located at Suite 30202, Southport Central Tower 3, 9 Lawson Street, Southport under lease agreement. The company also leases a small storage facility in Ashmore for storage of building equipment and related materials.

To the year ending 30 June 2019 the Board remains satisfied that all the company assets are in a strong position and have been improved in value throughout the last 12 months continuing the history of increasing shareholder wealth.

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the company have decreased from $31,828,873 at 30 June 2018 to $31,667,187 in 2019.

The directors believe the company is in a stable financial position to expand and grow its current operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the nature of the activities of the company during the year ended 30 June 2019.

EVENTS AFTER REPORTING DATE

There have been no significant events after reporting date.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Strategy and Planning.

To further improve the company's profit and maximise shareholder wealth, AHC intends to focus resources in the 2018/2019 financial year toward the continuing implementation of the following projects:

- Development of the Industrial Estate at Hervey Bay.
- Development of the land at Howard.

These projects, together with the current strategy of continuous improvement and adherence to quality control in existing markets, are expected to facilitate the achievement of the company's long-term goals and the development of new business opportunities.

ENVIRONMENTAL REGULATION

The company's operations are subject to environmental regulation under the law of the Commonwealth and State legislature. Examples of the company's performance in relation to environmental regulation include (but are not limited to) the following:

- Sediment and erosion control barriers to stop run off into drains and sewers, in addition to fitting temporary downpipes to minimise overland water flow.
- The proper disposal of building waste to prevent or minimise harm to the environment.
- On site water quality treatment devices.
- The compliance with Section J energy modelling in accordance with the Building Code of Australia for all commercial construction.
- Compliance with Environmental Acoustics Assessments of Noise Impacts under Environmental Protection (Noise/Policy,2008)

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND EXECUTIVES

Ian Roderick MacLeod

Chairman (Executive)
Qualifications: M.B.A. Griffith University, Registered Builder.
Experience: Director of the Company since incorporation on 1 November 1984 and has had over 30 years experience with the property development industry.

Wayne Benson Lester

Director (Executive)
Qualifications: Registered Builder QLD, Master Builder N.Z. Justice of the Peace (Qualified)
Experience: Registered Master Builder for over 30 years. Associated with the company since January 1989.
Special Responsibilities: Member of the Audit Committee.

Rod Lindsay MacLeod

Director (Executive) Managing Director and C.E.O
Qualifications: M.B.A. Griffith University, Registered House Builder
Experience: Associated with the company since January 1989

Rodney Joseph Walsh

Non-Executive Director
Qualifications: Bachelor Commerce University of Queensland
Experience 35 years in Public Accounting including 20 Years as self employed C.P.A.
Special Responsibility: Member of the Audit Committee

Sheryl Anne MacLeod

Director (Non-Executive) Company Secretary and C.F.O
Qualifications: Bachelor Business (Accounting) Griffith University
Experience: Associated with the company since incorporation
Special Responsibility: Member of Audit Committee since 1995

The particulars of shares held or influenced by the Directors of the Company are as follows:

NAME OF DIRECTOR	SHARES	OPTIONS	COMMENTS
Ian Roderick MacLeod	273,505	0	Held by I.R. MacLeod as Trustee of the MacLeod Family Trust
Ian Roderick MacLeod	1,369,656	0 0	Yorkmount Pty Ltd and Yorkmount Super of which I R MacLeod is a beneficiary
Sheryl Anne MacLeod	955,987	0	Held by S A MacLeod

DIRECTORS' REPORT

Sheryl Anne MacLeod	627,201	0	Held by SALQLD Pty Ltd Trustee for S A MacLeod Super Fund of which S A MacLeod is a beneficiary
Rod Lindsay MacLeod	59,409	0	Held by R. L. MacLeod/Related Parties
	169,900		Held by R.L & K.L. MacLeod Super Fund
	9,191	0	Held by Kate MacLeod.
Wayne Benson Lester	252,309	0	Held by W.B. Lester and D.M Lester for the Wayne Lester Super Fund

OPTIONS

There were no options granted over unissued shares or interest during or since the end of the financial year by the company.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director, Chairman of the Board, the executive directors and specified executives are formalised in contracts of employment. The managing director and all executives are permanent employees of AHC Limited.

The employment contracts stipulate a range of one-to-three month resignation periods. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

MEETING OF DIRECTORS

During the financial year, 3 meetings of directors (including committees) were held. Attendances were:

	Directors Meeting		Audit Committee & Risk Management		Nominating Committee & Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian MacLeod	3	3	-	-	-	-
Wayne Lester	3	3	-	-	-	-
Rod L MacLeod	3	3	-	-	-	-
Sheryl MacLeod	3	3	-	-	-	-
Rod Walsh	3	3	-	-	-	-

DIRECTORS' REPORT

INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF COMPANY

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

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that there was no provision of non-audit services by the auditor during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 8 of the financial report.

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

ROD L MACLEOD - DIRECTOR

SHERYL A MACLEOD - DIRECTOR

Dated this day of at Gold Coast

29/8/2019

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of AHC Limited, the directors of the company declare that: -

1. The financial statements and notes as set out on pages 9 – 34, are in accordance with the Corporations Act 2001 and:

    (a) comply with Australian Accounting Standards, and

    (b) give a true and fair view of the financial position as at 30 June 2019

    (c) and of the performance for the year ended on that date of the company.

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.

ROD L. MACLEOD - DIRECTOR

SHERYL A MACLEOD - DIRECTOR

Dated this 29th Agust at Gold Coast.

AHC LIMITED
ABN 73 010 544 699

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AHC LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

Lee-Ann Dippenaar BCom CA RCA
Director

Dated this 29th day of August 2019.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2019

	NOTE	2019 $	2018 $
Revenues	2	2,549,379	2,574,512
Other income	2	1,401	10,910
Revaluation of Investment Property		-	864,827
Cost of Goods Sold			
Borrowing costs expense	3	(1,046,584)	(1,088,020)
Depreciation & Amortisation expense	3	(49,475)	(55,704)
Employee benefits expense		(811,103)	(967,063)
Rates and Land Taxes		(176,206)	(169,483)
Repairs & Maintenance		(113,583)	(49,488)
Other Expenses		(536,341)	(561,337)
Profit(loss) before income tax expense		(182,512)	559,154
Tax expense	4	20,826	(98,240)
Net Profit(loss) for the year		(161,686)	460,914
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(161,686)	460,914
Profit (loss) attributable to members of the entity		(161,686)	460,914
Total comprehensive (loss)/income to members of the entity		(161,686)	460,914
Earnings per Share:		Cents per share	Cents per share
Basic earnings/(loss) per share (cents per share)	8	(3.14)	8.96
Diluted earnings/(loss) per share (cents per share)	8	(3.14)	8.96

The accompanying notes form part these financial statements.

AHC LIMITED
ABN 73 010 544 699

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019	2018
		$	$
ASSETS			
Current Assets:			
Cash and cash equivalents	11	3,270,005	6,587,744
Trade & Other Receivables	12	9,803	-
Inventories	13	693,647	645,976
Other current assets	14	148,931	315,551
TOTAL CURRENT ASSETS		4,122,386	7,549,271
Non-Current Assets:			
Inventories	13	15,266,243	12,635,760
Property, plant and equipment	15	198,874	186,861
Investment Property	23	34,090,000	34,090,000
Deferred tax assets	24	889,394	525,536
TOTAL NON-CURRENT ASSETS		50,444,511	47,438,157
TOTAL ASSETS		54,566,897	54,987,428
LIABILITIES			
Current Liabilities:			
Trade & Other Payables	16	525,622	1,129,010
Borrowings	17	40,652	37,560
Current tax liabilities	24	-	-
Provisions	19	143,276	139,369
TOTAL CURRENT LIABILITIES		709,550	1,305,939
Non-Current Liabilities:			
Borrowings	17	21,177,519	21,172,518
Provisions	19	10,147	20,635
Deferred tax liabilities	24	1,002,494	659,463
TOTAL NON-CURRENT LIABILITIES		22,190,160	21,852,616
TOTAL LIABILITIES		22,899,710	23,158,555
Net Assets		31,667,187	31,828,873
Equity:			
Issued Capital	20	831,681	831,681
Retained Earnings		30,835,506	30,997,192
Total Equity		31,667,187	31,828,873

The accompanying notes form part these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $	2018 $
Cash Flows from Operating Activities:			
Receipts from customers		2,661,032	2,376,073
Interest received		75,522	227,998
Other Income		-	-
Payment to suppliers and employees		(4,955,715)	(8,036,293)
Finance costs		(1,046,584)	(1,525,592)
Income Tax (paid)		-	(8,369,330)
Net Cash Provided by / (Used in) Operating Activities	10	(3,265,745)	(15,327,144)
Cash Flows from Investing Activities:			
Proceeds from sale of Plant and equipment		-	-
Proceeds from Investment Property		-	-
Purchase of property, plant and equipment		(14,819)	(47,601)
Additions to Investment Property		-	(725,173)
Net Cash Provided by / (Used in) Investing Activities		(14,819)	(772,774)
Cash Flows from Financing Activities:			
Proceeds from borrowings		-	-
Repayment of borrowings to related party		-	-
Repayment of borrowings		(37,175)	(1,818,461)
Dividend paid by the company		-	(2,571,680)
Share Buy Back Payment		-	-
Net Cash Provided by / (Used in) Financing Activities		(37,175)	(4,390,141)
Net Increase (Decrease) in Cash Held		(3,317,739)	(20,490,059)
Cash and cash equivalents at beginning of financial year		6,587,744	27,077,803
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11	3,270,005	6,587,744

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital Ordinary	Retained Earnings	Total
Balance at 1 July 2017		831,681	33,107,958	33,939,639
Profit attributable to members of the entity			460,914	460,914
Sub-total		831,681	33,568,872	34,400,553
Dividends recognized for the year		-	(2,571,680)	(2,571,680)
Balance at 30 June 2018		831,681	30,997,192	31,828,873
Balance at 1 July 2018		831,681	30,997,192	31,828,873
Loss attributable to members of the entity		-	(161,686)	(161,686)
Sub-total		831,681	30,835,506	31,667,187
Dividends recognized for the year		-	-	-
Balance at 30 June 2019		831,681	30,835,506	31,667,187

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover AHC Limited as an individual entity. AHC Limited is a public company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 29th August 2019 by the directors of the company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and interpretations of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for – profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Except for the cash flow information, the financial statements 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, and financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

Accounting Policies:

Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to /(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

(a) Land for Sale:
Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed. Profits are brought to account on the signing of an unconditional contract of sale, if significant risk and rewards and effective control over the land are passed on to the buyer at this point.

(b) Constructions Contracts and Work In Progress:
Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. Construction profits are recognised on the stage of completion basis. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Property, Plant & Equipment

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

Property
Freehold land and buildings are booked at cost, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction less subsequent depreciation on buildings.
Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are recognised against revaluation reserves directly in equity; all other decreases are charged to the Profit or Loss.

Plant & Equipment
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. The carrying amount of plant and equipment is reviewed annually by 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, which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit and Loss statement during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-20%
Leased plant and equipment	15%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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 the Profit and Loss in the period in which they arise. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Investment Property

Investment property, comprising a shopping centre is held to generate long term investment yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value determined by an independent valuer who has recognised and appropriate professional qualifications and recent experience, in the location of investment property, being valued. Fair values are determined by the valuer using market information. It is the policy of the company to have an independent valuation every two years, with annual appraisals being made by the directors. It is the Director's opinion that based on rental return and the recent valuation by the independent valuer, the investment property is at fair and reasonable value as at 30 June 2019. Property under construction is booked at cost. Changes to fair value are recognised in profit or loss in the period in which they occur.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated on a straight-line or diminishing value basis over their estimated useful lives or the lease term.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the lease term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible 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 asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short- term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

Revenue and Other Income

Revenue from the sale of properties is recognised upon the signing of contracts. Revenue from contract housing is recognised as and when it becomes receivable. Revenue from the rental of investment properties is recognised on a straight line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment, as and when it becomes receivable. Interest revenue is recognised as and when it is received.

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

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 Impairment for further discussion on the determination of impairment losses.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

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

Cash flows are presented in the cash flow statement on a gross basis. The GST components of investing and financing activities, which are receivable from, or payable to the ATO are presented as cash flows arising from operating cash flows included in receipts from customers or payments to suppliers.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Comparative Figures

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

When the company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statement 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 company.

Key estimates – impairment
The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is assessed using value in use calculations which incorporate a number of key assumptions.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Company and applicable in future reporting periods.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  The company has chosen not to early-adopt AASB 16. However, the Company has conducted a preliminary assessment of the impact of this new Standard, as follows.

  A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheets, as the Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance with this new Standard.

Going Concern
The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

Directors have been continually monitoring the company's business operations and financial performance, and where necessary, instituted appropriate action.

Based on the approved budgeted cash flow forecast to 30 June 2020, the company has sufficient resources to continue as a going concern and operate within the level of its current borrowing facilities.

NOTE 2: REVENUE AND OTHER INCOME

	2019 $	2018 $
Operating Activities		
Sales Revenue	-	-
Rent Received	2,473,857	2,331,574
Other Income	-	-
Interest Received	75,522	242,938
Total Revenue	2,549,379	2,574,512
Other Income/ (Loss)		
- Gain (Loss) on disposal of property, plant & equipment	1,401	10,910
Total Other Income/(Loss)	1,401	10,910

NOTE 3: PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following specific expenses:

EXPENSES:

	2019 $	2018 $
Finance Costs		
Other persons / corporations	1,032,204	1,077,310
Finance charges relating to finance lease	14,380	10,710
Total borrowing costs	1,046,584	1,088,020
Depreciation:		
Property, plant & equipment	44,282	33,624
Leased assets	5,193	22,080
	49,475	55,704

Significant Expenses

The following significant expense items that are relevant in explaining the financial performance:

	2019 $	2018 $
Cleaning and Rubbish Removal	201,345	198,079
FBT	100,102	43,671
Repairs	91,762	49,488
Rent	78,076	96,406
Electricity	74,436	83,969
Insurance	52,349	56,602
Legal Fees	13,895	40,761

	2019 $	2018 $
NOTE 4: TAX EXPENSE		
a) The components of tax expense/(income) comprise:		
Current Tax expense/(income)	-	-
Deferred Tax expense/(income) relating to the origination and reversal of temporary differences	(20,826)	92,710
Under-provision in respect of prior years	-	5,530
	(20,826)	98,240
b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30.0% (2018: 27.5%)	(54,754)	153,767
ADD		
Tax effect of:		
Non-deductible depreciation	3,333	6,072
Other items	54,361	3,790
Under-provision in respect of prior years	-	5,630
LESS		
Tax effect of:		
Revaluation of investment property at 30 June 2018 converted from 27.5% to 30% tax rate	59,047	-
Tax losses at 30th June 2018 converted from 27.5% to 30% tax rate	(36,990)	
Sale and revaluation of investment property	293,928	263,521
Other net deductible items	(45,823)	-
Depreciation on investment property	(293,928)	(334,540)
Income tax expense/(income) attributable to entity	(20,826)	98,240

NOTE 5. INTERESTS OF KEY MANAGEMENT PERSONNEL

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

Directors

- Ian Roderick MacLeod Chairman – Executive
- Wayne Benson Lester Director – Executive
- Rod Lindsay MacLeod Director – Executive
- Rodney Joseph Walsh Director – Non-Executive
- Sheryl Anne MacLeod Director /Secretary – Non-Executive

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (Cont'd)

Key Management Personnel Compensation:

DIRECTORS	SALARY	SUPER	SALARY SACRIFICE	FBT	TOTAL
	$	$	$	$	$
Ian Roderick MacLeod	166,610	16,623	8,370	29,884	221,487
Rod Lindsay MacLeod	147,999	14,060	-	126,148	288,207
Wayne Benson Lester	20,000	1,900	-	-	21,900
Rodney Joseph Walsh	800	1,520	15,200	-	17,520
Sheryl Anne MacLeod	-	-	-	25,557	25,557

Shareholdings:

Number of shares held or influenced by company key management personnel:

Directors:	Balance 30.6.18	Net Change	Balance 30.6.19
Mr Ian R MacLeod	1,643,161	-	1,643,161
Mrs Sheryl A MacLeod	1,583,188	-	1,583,188
Mr Rod L MacLeod	238,500	-	238,500
Mr Wayne B Lester	252,309	-	252,309
Mr Rod Walsh	-	-	-

Remuneration Practices

The company's policy for determining the nature and amount of emoluments of key management personnel of the company is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

	2019	2018
	$	$
NOTE 6. AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	25,000	35,000
- auditing the rental shop leases	2,200	4,600
	27,200	39,600

NOTE 7. DIVIDENDS PAID OR PROPOSED

Distributions Paid	**2019**	**2018**
Interim fully franked ordinary dividend of $0.50 per share	$	$
	-	2,571,680
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and payment of proposed dividends:	9,257,794	9,257,794

NOTE 8. EARNINGS PER SHARE

	Cents per Share	Cents per share
Basic earnings per share	(3.14)	8.96
Diluted earnings per share	(3.14)	8.96
Weighted average number of shares outstanding during the year used in calculation of diluted EPS	5,143,360	5,143,360
Earnings used in the calculation of basic EPS and diluted EPS	(161,686)	460,914

NOTE 9: OPERATING SEGMENTS

The company does not report in operating segments.

NOTE 10. CASH FLOW INFORMATION

	2019 $	2018 $
a. Reconciliation of Cash Flow from Operations with (loss)/ profit		
Profit after income tax for the year	(161,686)	460,914
Non-Cash Items included in Profit or Loss:		
Net (gains)/losses on disposal of property, Plant & Equipment	(1,401)	(10,910)
Depreciation & Amortisation expense	49,475	55,704
Revaluation of investment property	-	(864,827)
Interest capitalized/(expensed)	-	(437,512)
Employee benefits expense	-	20,090
	48,074	(1,237,455)
Net Changes in Working Capital:		
Decrease/(Increase) in inventories	(2,678,154)	(6,234,168)
Decrease /(Increase) in current receivables	(9,803)	26,812
(Decrease)/Increase in trade and other accounts payable	(603,388)	36,263
Increase/(Decrease) Movement in taxes payable	-	(8,363,922)
Increase/(Decrease) in deferred taxes payable	(20,827)	92,711
Increase/(Decrease) in provisions	(6,581)	(25,949)
Increase/(Decrease) in other current assets	166,620	(82,350)
Cash Flows from changes in assets and liabilities	(3,152,133)	(14,550,603)
Net Cash provided by operating activities	(3,265,745)	(15,327,144)

b. Non-Cash Financing and Investing Activities
During the year the company acquired plant and equipment with an aggregate value of $77,639 (2018 $47,601) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

	2019 $	2018 $
c. Credit Standby Arrangements with Banks:		
Credit facility	21,000,000	21,000,000
Bank overdraft	-	-
Amount utilized	(21,000,000)	(21,000,000)
Amount unutilized	-	-
Lease Facility	-	340,000
Amount utilized	-	(106,673)
Amount unutilized	-	233,327
Guarantee Facility	30,000	30,000
Amount utilized	(10,000)	(30,000)
Amount unutilized	(20,000)	-

Finance will be provided under all facilities provided the Company has not breached any borrowing requirements and the required financial ratios are met. (refer Note 17b)

NOTE 11: CASH and CASH EQUIVALENTS

	2019	2018
	$	$
Cash on hand	550	550
Cash at bank	639,455	1,222,194
Short term deposits	2,630,000	5,365,000
	3,270,005	6,587,744

Reconciliation of cash:
Cash and cash equivalents balance as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows:-

Cash and cash equivalents	3,270,005	6,587,744
Bank overdrafts	-	-
	3,270,005	6,587,744

NOTE 12. TRADE and OTHER RECEIVABLES

Current:		
Trade receivables	$9,803	-
Provision for impairment	-	-
	$9,803	-

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 12. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the company.

NOTE 13. INVENTORIES

Current:		
Inventories - at cost	693,647	645,976
Noncurrent:		
Inventories at cost	15,266,243	12,635,760
Total Inventories	15,959,890	13,281,736

NOTE 14. OTHER CURRENT ASSETS

Current:		
Prepayments	5,011	10,077
GST Receivable	-	54,276
Other	143,920	251,198
	148,931	315,551

	2019 $	2018 $
NOTE 15. PROPERTY, PLANT AND EQUIPMENT:		
INVESTMENT PROPERTY UNDER CONSTRUCTION		
PLANT AND EQUIPMENT		
Plant and equipment - at cost	7,721	7,721
Less: Accumulated depreciation	(6,463)	(6,150)
	1,258	1,571
Office furniture, equipment - at cost	44,848	30,029
Less: Accumulated depreciation	(21,032)	(16,112)
	23,816	13,917
Motor Vehicles – at Cost	266,585	188,946
Less: Accumulated depreciation	(92,785)	(53,736)
	173,800	135,210
Leased plant and equipment - at cost	-	75,824
Less: Accumulated depreciation	-	(39,711)
	-	36,163
Total Property, Plant and Equipment	**198,874**	**186,861**

Movements in the Carrying Amounts

Movements in the carrying amounts for each class of property plant & equipment between the beginning and the end of the current financial year.

	Land & Buildings	Plant & Equipment	Leased Plant & Equipment	Investment Property under construction	Total
Balance at 30 June 2017		136,722	98,422	-	235,144
Additions		47,601	-	725,173	772,774
Disposal/transfers To Investment Property		-	-	(725,173)	(725,173)
Disposals at written down value		-	(40,180)	-	(40,180)
Depreciation Expense		(33,625)	(22,079)	-	(55,704)
Balance at 30 June 2018		**150,698**	**36,163**	**-**	**186,861**
Additions		92,458	-	-	92,458
Disposal/transfers To Investment Property		-	-	-	-
Disposals at written down value		-	(30,970)	-	(30,970)
Depreciation Expense		(44,282)	(5,193)	-	(49,475)
Balance at 30 June 2019		**198,874**	**-**	**-**	**198,874**

NOTE 16. TRADE AND OTHER PAYABLES	2019 $	2018 $
Current Unsecured:		
Trade payables (including accrued charges)	249,119	804,919
Other accounts payable	123,287	73,726
Deposits received	101,061	102,936
Rent in Advance	16,286	135,978
GST Payable	13,558	-
FBT Payable	22,311	11,451
	525,622	1,129,010
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
Total Current	525,622	1,128,890
Total Non Current	-	-
Deposits Received	(101,061)	(102,936)
Rent in Advance	(16,286)	(135,978)
GST Payable	(13,558)	-
FBT Payable	(22,311)	(11,451)
Financial liabilities as trade and other payables	372,406	878,525

	NOTE	2019	2018 $
NOTE 17. BORROWINGS			
Current Secured:			
Lease liabilities	17(c), 21	40,652	37,560
Loans - Other			
Total current borrowings		40,652	37,560
Non-Current Secured			
Lease Liability	17(c), 21	177,519	172,518
Loans - Bank Bills	17(a), 17(b)	21,000,000	21,000,000
Total non-current Borrowings		21,177,519	21,172,518
Total Borrowings		21,218,171	21,210,078

a. Borrowings with Suncorp-Metway Limited are secured by the following:

Registered Mortgage granted by AHC Limited over Parkhurst Town Centre, 810-818 Yamba Road, Parkhurst, QLD more particularly described as Lots 101 and 102 on SP 296885 Certificates of Title 51135821 and 51135822.

Set off Agreement granted by AHC Limited over Term Deposit of $600,000 lodged with Suncorp Metway Ltd.

Registered General Security Agreement (GSA) granted by AHC Limited over all its present and after acquired personal and real property, including the goodwill of its business, uncalled and unpaid capital and proceeds.

Set off agreement granted by AHC Ltd over term deposit of $30,000 lodged with Suncorp Metway.

b. The Suncorp-Metway Limited bank bill is rolled over monthly and a fixed rate of 2.63% interest is payable on roll over. Bank bills payable have been drawn down to refinance existing debt to National Australia Bank in relation to the property situated at Parkhurst Town Centre, 810-818 Yamba Road, Parkhurst. The expiry date for the facility with Suncorp-Metway Limited Bank is 30th April 2021. The facility has conditions and covenants including interest cover requirements.

c. Leased liabilities are secured by the underlying leased assets.

NOTE 18. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, trade receivable and payable, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements are as follows:

	Note	2019	2018
Financial Assets			
Cash and cash equivalents	11	3,270,005	6,587,744
Trade and other receivables	12	9,803	-
Total Financial Assets		**3,279,808**	**6,587,744**
Financial Liabilities			
Financial liabilities amortised at cost			
- Trade and other payables	16	372,406	878,525
- Borrowings	17	21,218,171	21,210,078
Total Financial Liabilities		**21,590,577**	**22,088,603**

NOTE 18. FINANCIAL RISK MANAGEMENT (Con'd)

Financial Risk Management Policies

The Audit Committee has been delegated responsibility by the Board of Directors for monitoring and managing financial risk exposures of the Company. The committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Special Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through the maintenance of procedures, which include regular monitoring of the financial stability of significant customers and counterparties, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the company, credit terms are generally 14 - 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions.

The maximum exposure to credit risk by class or recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. The company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The company manages this risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice therefore the balances of overdrafts outstanding at year end could become payable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTE 18. FINANCIAL RISK MANAGEMENT (Con'd)

Financial Liability and Financial Asset Maturity Analysis

2019	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$000	$000	$000	$000
Financial Assets- cash flows realisable				
Cash and cash equivalents	3,270			3,270
Trade receivables	-			-
Total anticipated inflows	**3,270**	-	-	**3,270**
Financial Liabilities due for payment				
Bank Bills	-	21,000	-	21,000
Financial lease liabilities	41	178	-	219
Trade and other payables	372	-	-	372
Bank overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	**413**	**21,178**	-	**21,591**
Less bank overdraft	-	-		-
Total expected outflows	**413**	**21,178**	-	**21,591**
Net (outflow)/inflow on financial instruments	**2,857**	**(21,178)**	-	**(18,321)**

2018	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$000	$000	$000	$000
Financial Assets - cash flows realisable				
Cash and cash equivalents	6,588	-	-	6,588
Trade receivables	-	-	-	-
Total anticipated inflows	**6,588**	-	-	**6,588**
Financial Liabilities due for payment				
Bank bills	-	21,000	-	21,000
Financial lease liabilities	38	173	-	211
Trade and other payables	879	-	-	879
Bank Overdraft	-	-	-	-
Loan	-	-	-	-
Total contractual outflows	**917**	**21,173**	-	**22,090**
Less bank overdraft	-	-		-
Total expected outflows	**917**	**21,173**		**22,090**
Net (outflow)/inflow on financial instruments	**5,671**	**(21,173)**		**(15,502)**

NOTE 18. FINANCIAL RISK MANAGEMENT (Con'd)

Market Risk

Interest rate risk

Exposure to interest rate risk arises on interest bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2019, the Company had interest-bearing financial liabilities with fixed interest rates. The company also manages interest rate risk by ensuring that whenever possible, payables are paid within any pre-agreed credit terms.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values disclosed in the below table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

(ii) Loans and advances have a carrying amount which are equivalent to their fair value.

The fair values of financial assets and financial liabilities equal their carrying values.

	Note	2019 Carrying Amount	2019 Fair Value	2018 Carrying Amount	2018 Fair Value
Financial Assets		**$**	**$**	**$**	**$**
Cash and cash equivalents	(i)	3,270,005	3,270,005	6,587,744	6,587,744
Loan and receivables	(ii)	9,803	9,803	-	-
Total Financial Assets		**3,279,808**	**3,279,808**	**6,587,744**	**6,587,744**
Financial Liabilities					
Trade & other payable	(i)	372,406	372,406	878,525	878,525
Borrowings	(iii)	21,177,159	21,177,159	21,210,078	21,210,078
Total Financial Liabilities		**21,549,565**	**21,549,565**	**22,088,603**	**22,088,603**

NOTE 19. PROVISIONS

	Employee Benefits	Other
Opening balance at 1 July 2018	160,004	
Additional provisions	71,916	-
Amounts used	(78,497)	
Balance at 30 June 2019	**153,423**	

Analysis of Total Provisions	**2019**	**2018**
Current	143,276	139,369
Non-current	10,147	20,635
Total Provisions	152,423	160,004

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1.

NOTE 20. ISSUED CAPITAL

	2019 $	2018 $
Ordinary Shares - fully paid	831,531	831,531
100 B Class Shares – fully paid	50	50
200 Founders Shares – fully paid	100	100
	831,681	831,681
Breakdown by Number of Shares:	**No.**	**No.**
Ordinary Shares - fully paid	5,143,060	5,143,060
B Class Shares – fully paid	100	100
Founders Shares – fully paid	200	200
	5,143,360	5,143,360
Movements in issued capital		
Fully paid shares:		
At the beginning of the reporting period	5,143,360	5,143,360
Shares issued during the period	-	-
Shares bought back during the period	-	-
At the end of the reporting period	5,143,360	5,143,360

NOTE 20. ISSUED CAPITAL (Con'd)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote for each share held when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The external capital requirements are bank covenants, QBCC financial requirements and Australian Financial Service License requirements which license ceased on the 12th November 2018.

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

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year. This strategy is to ensure that the company's gearing ratio remains between 30% and 50%. The gearing ratio for the years ended 30 June 2019 and 30 June 2018 are as follows:

	2019 $	2018 $
Total borrowings	21,218,171	21,210,078
Less cash and cash equivalents	(3,270,005)	(6,587,744)
Net debt/(Cash)	17,948,166	14,622,334
Total equity	31,667,187	31,828,873
Total capital	49,615,353	46,451,207
Gearing Ratio	36%	31%

	2019 $	2018 $
NOTE 21. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Leasing Commitments Payable:		
Not later than one year	50,431	37,560
Later than one year but not later than five years	191,450	196,388
	241,881	233,948
Less: Future finance charges	(23,710)	(23,870)
Total Lease Liability	218,171	210,078
Current Lease Liability	40,652	37,560
Non-Current Lease Liability	177,519	172,518
	218,171	210,078

(*All finance leases relate to commitments for company vehicles up to four years)

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognized in the financial statements

Payable – minimum lease payments:

- Not later than 12 months	$33,000	-
- Between 12 months and five years	$142,202	-

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 3% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years.

(c) Capital Expenditure Commitments

The company has not contracted for any capital expenditure commitments as at 30th June 2019 (2018: nil)

NOTE 22. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Share Transactions of Directors	No.	No.
Aggregate number of shares held directly, indirectly or beneficially by Directors and related parties at balance date		
Ordinary shares	3,716,870	3,716,870
B Class Shares	88	88
Founders Shares	200	200
	3,717,158	3,717,158

Share Transactions of Directors or Director-Related Entities

Aggregate number of shares in AHC Limited acquired during the year by Directors or related entities were as follows:	-	

	2019 $	2018 $

NOTE 23. INVESTMENT PROPERTY

	2019 $	2018 $
Parkhurst Town Centre - at valuation	34,090,000	34,090,000
	34,090,000	34,090,000
Balance at beginning of year	34,090,000	32,500,000
Acquisition / Additions / Transfers	-	725,173
Revaluation	-	864,827
Disposals	-	-
Balance at year end	34,090,000	34,090,000

The fair value model is applied to all investment property. It is the policy of the company to have an independent valuation every two years, with annual appraisals being made by the directors. The Parkhurst Town Centre was valued in February 2018 for reliance by Suncorp Metway Limited for first mortgage security purposes. The Directors have adopted this value as at 30 June 2019.

NOTE 24. TAX BALANCES

CURRENT

	2019 $	2018 $
Income Tax Payable	-	-

	Opening Balance	Charged to Income	Closing Balance
DEFERRED TAX LIABILITY			
Property Plant & Equipment - tax allowance	27,066	(17,121)	9,945
Tangible Assets revaluation	148,170	501,348	649,518
Balance 30 June 2018	**175,236**	**484,227**	**659,463**
Property Plant & Equipment - tax allowance	9,945	(9,945)	-
Tangible Assets revaluation	649,518	352,976	1,002,494
Balance 30 June 2019	**659,463**	**343,031**	**1,002,494**
DEFERRED TAX ASSETS			
Provisions	61,682	(7,107)	54,575
Property Plant & Equipment - Impairment	33,593	(20,665)	12,928
Future income tax benefits attributable to tax losses	-	406,889	406,889
Other	38,745	12,399	51,144
Balance 30 June 2018	**134,020**	**391,516**	**525,536**
Provisions	54,575	6,245	60,820
Property Plant & Equipment - Impairment	12,928	(12,928)	-
Future income tax benefits attributable to tax losses	406,889	411,798	818,687
Other	51,144	(41,258)	9,886
Balance 30 June 2019	**525,536**	**363,858**	**889,394**

NOTE 25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets to report as at 30 June 2019.

NOTE 26. EVENTS AFTER REPORTING DATE

No significant events have occurred after reporting date.

NOTE 27. COMPANY DETAILS

The registered office of the company is:
Suite 30202 Tower 3
9 Lawson Street
Southport Qld 4215

The principal place of business is:
Suite 30202 Tower 3
9 Lawson Street
Southport Qld 4215

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AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AHC Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We 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.

Information Other Than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and 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.

AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of AHC Limited for the year ended 30 June 2019, intended to be included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

Responsibility of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

AHC LIMITED
ABN 73 010 544 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AHC LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors and management.

- Conclude on the appropriateness of directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exits, we are required to draw attention in our auditor's report to the related disclosure in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transaction and events in a manner that achieves fair presentation.

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

WPIAS Pty Ltd
Authorised Audit Company No. 440306

Lee-Ann Dippenaar BCom CA RCA
Director

Dated this 29th day of August, 2019.

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