

ALTERNATIVE LENDING LTD And its Controlled Entities

ABN 28 063 957 577

Financial Report for the Year Ended 30 June 2023

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2023.

Directors

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

William Victor Ridge

Robert Graeme Vigors

Alfred Wayne Hodges

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

Principal Activities

The principal activities of the consolidated group during the financial year were:

- The provision of loans on the security of any property, tangible, intangible or on an unsecured basis.
- Development of residential property for sale

Review of Operations

Operating Results

The consolidated profit / (loss) of the group after providing for income tax amounted to Loss \$(3,116,601) ; 2022 Profit \$676,811 due principally to the write off of non-performing loans

Dividends Paid or Recommended

- No dividends were paid during the year. (2022 - Nil)

Financial Position

The net assets of the consolidated group have decreased \$7.3 mil in June 2022 to \$5.6 mil in June 2023, resulting largely from write off of non – performing loans

Changes in State of Affairs

With a change in corporate direction from Lender of Financial Products to Property Developer the Group's state of affairs has changed significantly during the financial year, in particular, land previously held as a long term investment is now being developed and held as 'for sale' current assets; and loans being actively collected and closed

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Future Developments, Prospects and Business Strategies

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

Environmental Issues

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, state or territory.

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DIRECTORS' REPORT

Directors' and Officers' Remuneration

No director has received or become entitled to receive, during or since the financial year, a benefit except as follows; The directors between them are paid \$122,500p.a.: Mr Ridge provides ongoing consultancy services to the parent entity and its controlled entities.

Options

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

Indemnifying Officers or Auditor

During year the Group has not given an indemnity or entered into an agreement to indemnify any directors of the company.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 3 of the directors' report.

Signed in accordance with a resolution of the Board of Directors



William Victor Ridge

Dated this 9th day of October, 2023



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ALTERNATIVE LENDING LTD AND ITS CONTROL ENTITIES**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Alternative Lending Ltd and its controlled entities. As the lead audit partner for the audit of the financial report of Alternative Lending Ltd and its controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

AMW Audit

AMW AUDIT
Chartered Accountants

A handwritten signature in black ink, appearing to read 'BJT', written over a faint, stylized background graphic.

BILLY-JOE THOMAS
Director and Registered Company Auditor

Perth, WA

Dated this 14th day of November 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2023	2022
		\$	\$
Revenue	2	1,084,562	2,130,721
Bad and doubtful debts	3	(2,325,786)	(13,597)
Other expenses		(704,469)	(662,574)
Finance costs		(1,170,908)	(777,739)
Profit / (Loss) before Income tax		(3,116,601)	676,811
Income tax (expense) / benefit	4	-	-
Net Profit / (Loss)		(3,116,601)	676,811
Profit / (Loss) attributable to:			
Members of the Parent Entity		(3,177,342)	360,859
Non controlling interests		60.741	315,952
Profit / (Loss) for the Year		(3,116,601)	676,811

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2023

	Note	2023	2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	93,158	223,864
Trade and other receivables	9	88,914	442,497
Financial Assets	10	230,421	230,421
Available Land for Sale	10	3,848,466	-
TOTAL CURRENT ASSETS		4,260,959	896,782
NON-CURRENT ASSETS			
Trade and other receivables	9	14,988,670	17,399,078
Financial assets	10	2,243,742	697,692
Property	13	-	4,419,586
TOTAL NON-CURRENT ASSETS		16,977,207	22,516,356
TOTAL ASSETS		21,493,371	23,413,138
CURRENT LIABILITIES			
Trade and other payables	16	268,536	39,306
Financial liabilities	17	15,762,277	12,698,791
Current tax liabilities	18	-	9,024
TOTAL CURRENT LIABILITIES		16,030,813	12,747,121
NON-CURRENT LIABILITIES			
Financial liabilities	17	-	3,322,628
TOTAL NON-CURRENT LIABILITIES		-	3,322,628
TOTAL LIABILITIES		16,030,813	16,069,749
NET ASSETS		5,462,558	7,343,389
EQUITY			
Issued capital	19	10,918,523	10,918,523
Retained earnings		(10,324,115)	(7,092,593)
Asset Revaluation Reserve		1,533,742	-
Capital Reserve		297,157	297,157
Parent Interest		2,215,529	4,123,087
Non controlling interest		3,247,029	3,220,302
TOTAL EQUITY		5,462,558	7,343,389

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2023

	Note	Capital Reserve \$	Asset Revaluation Reserve \$	Share Capital Ordinary \$	Retained Earnings \$	Total \$
Consolidated Group						
Balance at 30 June 2021		297,157	0	10,918,523	(7,453,452)	3,762,228
Shares issued during the year						
Shares acquired						
Prior Period Adjustment						
Profit attributable to members of parent entity					360,859	360,859
Sub-total		297,157		10,918,523	(7,092,593)	4,123,087
Dividends paid or provided for	6					
Balance at 30 June 2022		297,157	0	10,918,523	(7,092,593)	4,123,087
Shares issued during the year						
Revaluation of Interest in Joint Venture			1,533,742			1,533,742
Profit / (Loss) attributable to members of parent					(3,441,300)	(3,441,300)
Sub-total		297,157	1,533,742	10,918,523	(10,533,893)	2,215,529
Dividends paid or provided for	6					
Balance at 30 June 2023		297,157	1,533,742	10,918,523	(10,533,893)	2,215,529

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2023	2022
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		199,593	185,748
Payments to suppliers		(714,066)	(712,899)
Interest received		793,345	938,567
Finance costs		(1,141,007)	(777,739)
Dividends Received		600	-
Income (tax paid) / received		(9,025)	(41,608)
Net cash provided by / (used in) operating activities	22	(870,560)	(407,931)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		(12,307)	-
Proceeds of Investments		-	-
Property Acquisition		(1,057,249)	(3,437,308)
Proceeds on Sale Fixed Assets		1,149,510	-
Loans Unsecured Made		(1,951,280)	(4,398,173)
Loans Unsecured Repaid		392,822	1,378,625
Net cash provided by (used in) investing activities		(1,478,504)	(6,456,856)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,261,890	6,945,165
Repayment of borrowings		(3,899)	-
Dividends paid		(39,633)	(27,920)
Net cash provided by (used in) financing activities		2,218,358	6,917,245
Net increase/(decrease) in cash held		(130,706)	52,458
Cash at beginning of year		223,864	171,406
Cash at end of year	8	93,158	223,864

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: GENERAL INFORMATION

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements issued by the Australian Accounting Standards Board, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Alternative Lending Limited (the Company) and the entities it controls (together the Group).

Statement of Compliance

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060.

Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Information about the Company

Alternative Lending Ltd is an unlisted public company incorporated under the Corporations Act 2001

Its registered office and principal place of business is at 148-150 Pine Avenue, Mildura, Victoria

The nature of the Group's operations and principal activities are as finance lender and property developer.

Going Concern Basis

The financial statements are prepared on a going concern basis because the Directors of the holding company have undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

Transition to Australian Accounting Standards – Simplified Disclosures

On transition to Australian Accounting Standards – Simplified Disclosures, the entity has applied the recognition and measurement requirements of AASB 1 First-Time Application of Australian Accounting Standards. The date of transition at which AASB 1 has been applied is 1 July 2022

The financial statements were authorised for issue on 18th October, 2023 by the directors of the company.

Summary of Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Alternative Lending Ltd. At the end of the reporting period. A controlled entity is any entity that Alternative Lending Ltd has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: GENERAL INFORMATION

b Income Tax

The income tax expense (revenue) for the year comprises current income 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.

The Group is not currently recognising future income tax benefits or deferred income tax liabilities despite that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Such benefits are long term rather than short term.

c. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost plus transaction costs. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Classification and Subsequent Measurement

Finance instruments held by the Group consist of loans and receivables. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment.

Amortised cost is calculated as:

- a. the amount at which the asset or liability is measured at initial recognition;
- b. less principal repayments;
- c. less any reduction for impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

d. Available for Sale Land

The Group owns and is developing various parcels of land for sale as residential blocks. These assets are carried at cost of land plus costs of development work in progress. All are short term assets expected to sell within a 12 month period.

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e. **Impairment of Assets**

At each reporting date, 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 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.

f. **Provisions**

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

g. **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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

h. **Revenue and Other Income**

Revenue is mainly derived from interest charged on loans.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

i. **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.

j. **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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

k. **Comparative Figures**

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

l. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments — Provision for impairment of receivables

The directors have reviewed all debts receivable and have adjusted the provision for impairment of receivables as at 30 June 2023 in accordance with that review.

m. New Accounting standards adopted during the year

No new Accounting Standards have been adopted during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 2: REVENUE

	Note	2023 \$	2022 \$
Sales revenue			
— dividends received	2a	375	225
— Interest received	2b	829,039	848,872
— Other revenue		10,278	1,295
— rental revenue		185,965	184,453
— Profit on Sale of Assets		58,905	-
Total Sales Revenue		1,084,562	1,034,845

Profit on Sale of Assets

The Group sold land owned by a subsidiary, resulting in Profit on Sale

Other Income:

— Bad Debts Recovered	-	1,095,876
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Total other income	-	1,095,876
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Total Revenue	1,084,562	2,130,721
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a. Dividend revenue from:

— associated companies	-
— Investments	375 225
- Controlled entities	-
Total dividend revenue	375 225

b. Interest revenue from:

— bank	576 579
— other persons	828,463 848,293
Total interest revenue	829,039 848,872

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 3: FINANCE COSTS

	2023	2022
	\$	\$
a. Expenses		
Finance costs:		
— external	1,155,370	777,739
- Related company	-	-
Total finance costs	1,155,370	777,739
Bad and doubtful debts:		
— trade receivables		
- Loans Provided for	946,029	-
- Write off Loans	1,379,757	13,597
Total bad and doubtful debts	2,325,786	13,597
b. Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Loans Provided For	946,029	-
Loans Written Off	1,379,757	13,597

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 4: INCOME TAX EXPENSE

	2023	2022
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Expected tax payable on profit from ordinary activities before income tax at 25%(2022: 25%)		
— consolidated group	-	147,892
Add:		
Tax effect of:		
- Other adjustments	-	-
Less:		
Tax effect of:		
— Tax losses Claimed back		(147,892)
— other allowable items	-	-
Income tax attributable to entity	-	-
The applicable weighted average effective tax rates are as follows:		

The Group is not currently recognising future income tax benefits or deferred income tax liabilities despite that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Such benefits are long term rather than short term.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 5: AUDIT FEES

	2023	2022
	\$	\$
Remuneration of the auditor of the consolidated entity for:		
— auditing or reviewing the financial report	5,500	7,000

NOTE 6: DIVIDENDS PAID

Distributions paid

Interim fully franked dividend of \$Nil (2022:Nil) cents per share franked at the tax rate of 25%	-	-
final fully franked dividend of \$Nil (2022: Nil) cents per share franked at the tax rate of 25%	-	-

NOTE 7: EARNINGS

Reconciliation of earnings to profit or loss		
Profit / (Loss)	(3,116,601)	676,811
Profit attributable to minority equity interest		-
Earnings used to calculate basic EPS	(3,116,601)	676,811

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE8: CASH AT BANK

	2023	2022
	\$	\$
CURRENT		
Cash at bank and in hand	93,518	223,864
	-	-
	93,518	223,864

NOTE 9: RECEIVABLES

CURRENT		
Other receivables	75,000	93,132
Prepayments	13,914	349,365
	88,914	442,497
NON –CURRENT		
Mortgage Loans	13,141,657	14,965,210
Trade Receivables	715,233	607,254
Provision for impairment of Mortgage Loans	(4,476,462)	(3,530,434)
Loans Directors	5,108,242	4,857,048
Trade Dollars	500,000	500,000
	14,988,670	17,399,078

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 10: FINANCIAL ASSETS

	2023	2022
	\$	\$
CURRENT		
Term Deposits	230,421	230,421
Available for Sale Land Development	3,848,466	-
NON-CURRENT		
Available-for-sale financial assets comprise:		
Unlisted investments, at cost		
— shares in controlled entities		-
— shares in other entities	15,000	15,000
- Investment in Unit Trust	2,228,742	682,692
Total available-for-sale financial assets	2,243,742	697,692

Available-for-sale financial assets comprise term deposits, land for sale, and investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Investment in Unit Trust has been re-valued by independent valuation as at 20th May, 2023 based on Land owned by that trust. The Group owns 35% of the Trust.

Available Land for Sale is held at cost of Land plus cost of Work in Progress to balance date.

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) [*]
		2023
		2022
Controlled Entities Consolidated		
Subsidiaries of Alternative Lending Ltd:		
RCP Finance Ltd	Aust.	48%
Alternative Lending Nominees Pty Ltd	Aust	100%
PFP Nominees (Mildura) Pty Ltd	Aust	100%
Alternative Horticultural Trust	Aust.	100%
EW Property Trust	Aust.	100%
Cherry Ridge Fruits Trust	Aust.	100%

* Percentage of voting power in proportion to ownership

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 12: PARENT COMPANY FINANCIAL SUMMARY

	2023	2022
	\$	\$
CURRENT ASSETS		
Cash at Bank	322,490	448,343
Receivables	88,915	439,590
Available for Sale Land	3,848,466	-
	4,259,871	887,933
NON-CURRENT		
Receivables	14,989,093	18,248,934
Investments	5,436,926	3,890,876
Land and WIP	-	2,918,874
Deferred Tax Asset	-	-
	20,426,019	25,058,684
TOTAL ASSETS	24,685,890	25,946,617
CURRENT LIABILITIES		
Payables	268,252	6,270
Provision for Income Tax	-	9,025
Loans	21,520,588	-
	21,788,840	15,295
NON-CURRENT LIABILITIES		
Loans	-	21,109,642
TOTAL LIABILITIES	21,788,840	21,124,937
NET ASSETS	2,897,050	4,821,680
Share Capital	10,918,521	10,918,521
Reserves	1,830,898	297,157
Retained Earnings	(9,852,369)	(6,393,998)
TOTAL EQUITY	2,897,050	4,821,680
Gross Revenue	1,097,941	1,045,036
Net Profit / (Loss) after tax	(3,200,796)	102,172
Dividends Paid	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 13: FIXED ASSETS

	2023	2022
	\$	\$
Land and Buildings at Cost	-	3,615,111
Land Development WIP	-	804,475
Total Property	-	4,419,586

NOTE 14: PAYABLES

CURRENT

Unsecured liabilities		
Trade payables	267,881	40,164
GST Clearing	181	(7,389)
Other	474	6,531
	268,536	39,306

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 15: BORROWINGS

	Note	2023	2022
		\$	\$
CURRENT			
Unsecured deposits from third parties		909,493	1,200,698
Debentures - unsecured		10,680,457	8,754,023
Loans - Secured		4,172,327	2,744,070
		15,762,277	12,698,791
NON-CURRENT			
Deposits secured		-	519,035
Director's Loan unsecured		-	2,046,758
Deposit unsecured		-	256,835
Deposit on Land		-	500,000
Deferred Share Purchase		-	-
		-	3,322,628
a. Total current and non-current secured liabilities:			
Deposits and Loans		15,762,277	16,021,419

Loan Secured represents a loan used to buy and develop Land held for Resale and is secured by that land

NOTE 16: INCOME TAX

CURRENT			
liabilities			
Provision for Income Tax		-	9,024

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17: ISSUED CAPITAL

	Note	2023	2022
		\$	\$
10,918,523 (2022: 10,918,523) fully paid ordinary shares		10,918,523	10,918,523
		10,918,523	10,918,523
a. Ordinary Shares			
At the beginning of reporting period		10,918,523	10,918,523
Shares issued during year			
Share Acquisition			
At reporting date		10,918,523	10,918,523

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

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

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Estimates of the **potential financial effect** of contingent liabilities that may become payable:

Contingent Liabilities	Nil	Nil
Litigation by Customer	Nil	Nil

NOTE 19: SEGMENT REPORTING

The consolidated group operates in two business segments; being the provision of loans on the security of any property, tangible or intangible, or on an unsecured basis, and residential property development for sale. The Group operates only within Australia.

NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or state of affairs of the economic entity in future financial years.

ALTERNATIVE LENDING LTD ABN 28 063 957 577

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

NOTE 21: RECONCILIATION OF CASH FLOW

Note	2023	2022
	\$	\$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	(3,116,601)	676,811
Non-cash flows in profit		
Bad Debts	1,379,757	13,597
Provisions	946,028	-
Amortisation	-	-
Bad Debts Recovered	-	(453,070)
(Profit) / Loss on sale	(58,505)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term debtors	(107,979)	89,695
(Increase)/decrease in other assets	88,311	(643,031)
Increase/(decrease) in payables	7,454	(50,325)
Increase/(decrease) in income taxes payable	(9,025)	(41,608)
Cash (used by) Operations	(870,560)	(407,931)

NOTE 22: RELATED PARTY TRANSACTIONS

Entities associated with the Directors have lodged unsecured deposits with the economic and parent entity at normal commercial rates.

Transactions with related parties

- a. Mr William Victor Ridge, a director provided consultancy services to the group during the year under normal commercial terms and conditions. The value of these services provided during the 2023 financial year was \$Nil. (2022 \$nil).
- b. The direct, indirect and beneficial holdings of directors and their director-related entities in the share and share options of the company as at 30 June 2023 were:
 Shares: 2,205,119; (2022 2,205,119)
 Share Options: Nil; (2022:Nil)

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DIRECTORS' DECLARATION

The Directors declare that:

1. 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; and
2. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001



William Victor Ridge

Dated this

20-11

day of

September

2023



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALTERNATIVE LENDING LTD AND ITS CONTROLLED
ENTITIES**

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the financial report of Alternative Lending Ltd, the company and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group, because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for Disclaimer of Opinion

a. Restriction of Scope

The Group's non-current trade and other receivables include mortgage loans of \$9,380,428 (net of provision for doubtful debts of \$4,476,462), and loans to directors aggregating to \$5,108,242 and trade dollars of \$500,000 (refer to Note 9). We were unable to obtain sufficient appropriate audit evidence about the carrying value of these receivables as at 30 June 2023. As a result, we were unable to determine whether any adjustments were necessary in respect of the mortgage loans, trade receivables, loans to directors and trade dollars as at 30 June 2023.

b. Non – Audit of Subsidiary

A subsidiary, Alternative Lending Nominees Pty Ltd, holds Debentures to the value of \$10,680,457 including \$8,481,937 held by Directors and their associates. This company has not been audited by us in full and as such we disclaim any opinion on the financial report of that company to the extent it impacts on the Group financial report.

b. Significant departure from the Accounting Standards

The Group has not applied AASB 16 "Leases". We were unable to satisfy ourselves as to whether such departure is necessary in order to achieve a proper presentation and whether the financial statements has properly presented the financial position and financial performance of the company. Due to unavailability of the relevant information, we are unable to provide quantified effect on the financial statements.



Emphasis of Matter – Material Uncertainty Relating to Going concern

Without modifying our opinion above, we draw attention to Note 1 to the financial report which indicates that the financial statements are prepared on a going concern basis because the Directors of the Parent Company have undertaken to provide continuing financial support.

As at 30 June 2023, the Group had cash and cash equivalents of \$93,158 (2022: \$223,864), net working capital deficiency of \$11,769,854 (2022: \$11,850,339) and net cash outflows from operating activities amounting to \$870,560 (2022: \$407,931).

These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the ability of the Group to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 Group's annual report for the year ended 30 June 2023 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.

Responsibilities of the Directors for the Financial Report

The directors of the Group 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 responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with 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.



AMW Audit

AMW AUDIT

Chartered Accountants

Address: Unit 8, 210 Winton Road, Joondalup, Western Australia

A handwritten signature in black ink, appearing to read 'BJT' with a long horizontal stroke extending to the right.

BILLY-JOE THOMAS

Director and Registered Company Auditor

Dated at Perth, Western Australia this 14th day of November 2023