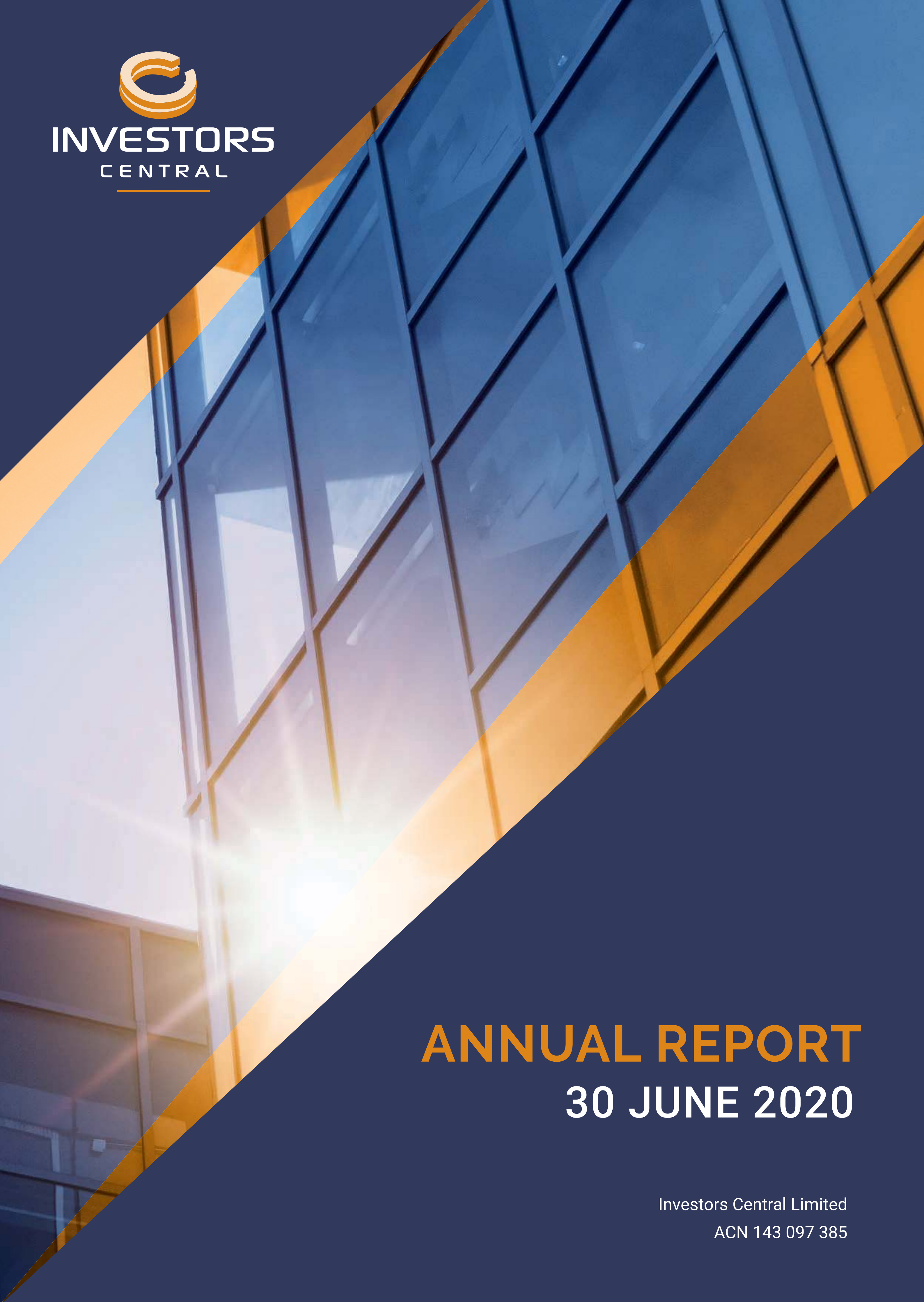

ANNUAL REPORT
30 JUNE 2020

Investors Central Limited
ACN 143 097 385

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INVESTORS CENTRAL

A SMART ROAD TO WEALTH

Chairman and Managing Director's **Statement**

Dear Investor,

On behalf of the Board of Directors of Investors Central Limited (Investors Central) it is with pleasure that I present the Consolidated Annual Report for the financial year ending 30 June 2020. Investors Central, the group holding company, provides the funding to its wholly owned subsidiary, Fin One Pty Ltd trading as Finance One to operate its consumer and commercial motor vehicle lending business.

HIGHLIGHTS OF THE YEAR

$56.36m	$9.44m	$6.54m	$23.87m	$190.98m
earned income up 25.44% (2019: $44.93m)	**net profit before tax up 29.14%** (2019: $7.31m)	**net profit after tax up 21.38%** (2019: $5.38m)	**total equity up 31.67%** (2019: $18.13m)	**loan book increased by 13.15%** (2019: $168.79m)

Investors Central and Finance One came into the COVID-19 crisis from a position of strength following strong performance over a number of years and for the December 2019 half year. As the pandemic developed, on 23 March 2020 the Board made the decision to cease all new lending to provide some time to assess the impact of COVID-19 on the Group. Regrettably, it was necessary to stand down most of the Group's credit team and staff in supporting roles until the economic situation became clearer.

Over a six-week period the Group's Management Team reviewed internal credit operations and loan products to assess their suitability for re-entering the finance market. We recommenced consumer lending on 4 May 2020 and re-engaged most staff who had been stood down. A conservative product range was offered to re-establish Finance One in the market while remaining profitable and competitive. In due course we progressively re-introduced loan products to meet demand.

COLLECTIONS

The success of Finance One's business is contingent on the collection of money loaned. Finance One has a long history of working with its customers with staff going to extraordinary lengths to assist them and this was evidenced in this crisis. We take the time to try and understand each customer's individual circumstances to help them, where possible, maintain some level of loan repayments under temporary arrangements until their situation improves.

It pleases me to report that we have achieved good results through the COVID-19 event to date in respect to loan repayments, due in part to the Australian Government stimulus initiatives made available to customers. I also acknowledge this result was possible due to the excellent work of our professional Customer Care team and the enormous commitment and understanding shown by all staff members.

While there are positive signs for the finance industry going forward, we have considered it prudent to provide a COVID-19 provision overlay of $765,000 to bring the Group's provision for doubtful debts and bad debt expense to revenue to 14.64% for the year ended 30 June 2020.

FUNDING

Although lending has been curtailed through the current crisis, we are optimistic for the future. It remains imperative that Investors Central continues to raise the capital to sustain planned future growth. The Group's business model for raising capital is built on the personal approach to expanding the Investor base through the use of an offer document. Our first prospectus was launched in July 2013, and we anticipate the issue of our eighth prospectus, along with our fourth employee prospectus, in September 2020 enabling Investors Central to raise up to $50 million over a thirteen-month period.

INFRASTRUCTURE

Group staff levels are frequently assessed to ensure we continue to provide the high level of customer service which our brokers and customers have come to expect. In addition, we constantly seek productivity improvement within the workplace by small innovations and customising computer software for more efficient workflows and reporting capabilities.

The Group will open a second office in the Brisbane CBD within the next three months. This expansion will provide the Group with a platform for growth by aiding in the recruitment of experienced finance industry staff along with strengthening the Group's Business Continuity risk management processes.

DIVIDENDS

Total dividends of $797,000 were paid to the ordinary shareholder for the financial year and a final dividend of $482,000 will be paid in September 2020. As previously advised, 85% of net profits after tax earned during the 2020 financial year will be retained in the Company to build equity and help fund the continued growth of the business.

OUTLOOK

We remain optimistic for the future despite the current economic uncertainty created by the COVID-19 crisis. The road to recovery for the Australian economy has started and there is a long way to go, with a few more bumps expected along the way. The Group is adapting to meet these challenges and believes the finance industry will continue to play a key role in ensuring that Australians are supported and guided along as they adjust to our new world.

The Group remains focused on assisting Australians unable to access traditional forms of credit to purchase a motor vehicle as well as providing commercial loans to businesses to purchase business assets. We will continue to monitor the economic environment and the finance market closely to ensure ongoing stability of our business.

The commitment by the Directors, Management and Employees has contributed to the continued success of the Group with the results reflecting their dedication. I would also take the opportunity to thank all Investors for their continued and valued support.

Jamie Edward McGeachie
Chairman and Managing Director

Directors' report

The directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of Investors Central Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons held office as directors of Investors Central Limited during the financial year:

Jamie Edward McGeachie
Quinnton Cowen
Stephen Paul Jones
Andrew Peter Kemp
Joseph Michael McShanag

Principal activities

During the year the principal continuing activities of the Group consisted of:

a. public capital raising to fund the continued expansion of our automotive lending business, Fin One Pty Ltd trading as Finance One; and
b. provision of consumer vehicle loans, commercial vehicle loans and mobile plant and equipment loans by Finance One.

There was no significant change in the nature of the activities of the Group during the year.

Results

The profit from ordinary activities after income tax amounted to $6.536 million (2019: $5.38 million).

Review of operations

A review of the Group's operations, including the impact of COVID-19, is included in the Chairman and Managing Director's Statement on pages 4 and 5 .

Significant changes in the state of affairs

Except as mentioned in the Chairman and Managing Director's Statement, there have been no significant changes in the state of affairs of the Group during the year ended 30 June 2020.

Event since the end of the financial year

No matters or circumstance other than those outlined in the Chairman and Managing Director's Statement has arisen since 30 June 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The Group will continue to pursue its operating and financial strategies to create shareholder value. Further information is included in the Chairman and Managing Director's Statement.

Environmental regulation

The Group is not subject to any significant environmental regulation and is not aware of any breaches of any environmental regulations during the year.

Dividends - Investors Central Limited

Dividends paid to members during the financial year were as follows:

	2020 $'000	2019 $'000
Ordinary dividends for the year	797	238

(i) The final dividend of $482,000 was declared subsequent to 30 June 2020 and has not been recognised as a liability at 30 June 2020.

Information on directors

Jamie Edward McGeachie *Certificate IV in Financial Services*

- Chairman and Managing Director
- Chairman of Remuneration Committee
- Chairman of Credit Committee

Jamie has over 23 years experience in the finance industry. He is the founder and Managing Director of Finance One and Investors Central. In addition he has a close involvement in several other family business entities which are part of the McGeachie Group.

Quinnton Cowen *Bachelor of Business, CPA*

- Director and Chief Financial Officer
- Member of Credit Committee

Quinn has over 16 years experience as an accountant working in both private industry and public accounting and prior to joining the McGeachie Group acted as an external accountant and business advisor to the Group.

Stephen Paul Jones *Senior Associate Australian and New Zealand Institute of Insurance and Finance*

- Director and Executive Manager Risk, Audit & Governance
- Member of Audit & Risk Committee
- Member of Credit Committee

Stephen has over 27 years involvement in the general insurance industry in both underwriting and claims roles while in recent times he served as a Director/Company Secretary with a local public company in Townsville for over six years.

Andrew Peter Kemp *Bachelor of Commerce, CA*

- Non-executive Director
- Chairman of Audit & Risk Committee
- Member of Remuneration Committee

Andrew is a chartered accountant and corporate adviser. His advisory business, Huntington Group, has structured 11 ASX listings since it was formed in 1987. He is currently a director of the ASX-listed SIV Capital Limited and PTB Group Limited.

Joseph Michael McShanag *Bachelor of Commerce, CA, MBA, F Fin*

- Non-executive Director
- Member of Audit & Risk Committee

Joseph is a Chartered Accountant and a Professional Investor. He has extensive public practice accounting and banking experience gained from a decade at National Australia Bank Limited.

Company Secretary
Stephen Jones has held the role of Company Secretary of Investors Central Limited since his appointment on 25 September 2013.

Meetings of directors

The numbers of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

	Full meetings of Directors		Meetings of committees			
			Audit and Risk		Remuneration	
	A	B	A	B	A	B
Jamie Edward McGeachie	18	18	**	**	1	1
Quinnton Cowen	18	18	**	**	**	**
Stephen Paul Jones	18	18	3	3	**	**
Andrew Peter Kemp	17	18	3	3	1	1
Joseph Michael McShanag	17	18	2	2	**	**

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
** = Not a member of the relevant committee

Remuneration report

The directors present the Investors Central Limited 2020 remuneration report, outlining key aspects of the Group's remuneration policy and framework, and remuneration awarded this year.

a. Policy for Determining the Nature and Amount of Key Management Personnel Remuneration

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Executive Directors and Senior Managers. The Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the individual.

At the date of this report the Consolidated Entity had entered into performance based agreements with Executive Directors (excluding Managing Director) and Senior Managers which included short-term incentives (STI) and long-term incentives (LTI). Both the STI and LTI are an 'at risk' bonus provided in the form of cash. Both the STI and LTI together equate to a maximum of 25% of KMP base yearly salary (excluding superannuation and leave accruals). No other remuneration incentives were issued to Executive Directors or Senior Managers during the financial period in respect of remuneration.

Short-term incentive bonus

The financial performance objectives are growth in 'net profit before tax' compared to the previous budget year and is paid on a quarterly basis in arrears. The yearly STI accounts for 60% of the total performance linked bonus available in each year.

Long-term incentive bonus

This incentive scheme is payable based on achieving key ratios for both Gross Revenue and EBIT over an average Net Loan Book position. The LTI accounts for 40% of the total performance linked remuneration available in each year and is split into two equal segments called LTI- Short and LTI-Long.

Fifty per cent of any benefit earned is payable each year (LTI-Short), with the remainder (LTI-Long) being accrued and payable at the end of a four-year period. This method of assessment was chosen as it aligns the Group's objectives in maintaining a strong return on assets after providing for doubtful debts and keeps operating costs in line with the Company's growth.

b. Details of Remuneration for Directors and Executive Officers

During the year there were no other Executive Officers employed by the Company for whom disclosure is required. Details of Executive and Non-executive status are disclosed at the beginning of this director's report. Details of the remuneration of each Director of the Group are as follows:

b. Details of Remuneration for Directors and Executive Officer (continued)

2020

		Short-term employee benefits			Post-employment benefits	Long-term benefits		
Name	Position	Cash salary & fees	Cash bonus	Non-monetary benefits	Superannuation	Annual & long service leave	LTI	Total
Executive Directors								
Jamie Edward McGeachie ^	Chairman and Managing Director	303,584	-	5,251	-	-	-	308,835
Quinnton Cowen *	Director and Chief Financial Officer	177,255	23,930	-	19,080	4,617	5,983	230,865
Stephen Paul Jones *	Director and Executive Manager Risk, Audit & Governance	125,768	16,628	-	13,846	1,451	4,157	161,850
Non-Executive Directors								
Andrew Peter Kemp ^	Director	54,478	-	-	-	-	-	54,478
Joseph Michael McShanag	Director	50,228	-	-	4,772	-	-	55,000
Total key management personnel compensation		**711,313**	**40,558**	**5,251**	**37,698**	**6,068**	**10,140**	**811,028**

2019

		Short-term employee benefits			Post-employment benefits	Long-term benefits		
Name	Position	Cash salary & fees	Cash bonus	Non-monetary benefits	Superannuation	Annual & long service leave	LTI	Total
Executive Directors								
Jamie Edward McGeachie ^	Chairman and Managing Director	315,536	-	10,677	-	-	-	326,213
Quinnton Cowen *	Director and Chief Financial Officer	162,046	17,115	-	17,384	2,254	4,620	203,419
Stephen Paul Jones *	Director and Executive Manager Risk, Audit & Governance	122,660	11,904	-	13,442	597	2,977	151,580
Non-Executive Directors								
Andrew Peter Kemp ^	Director	60,500	-	-	-	-	-	60,500
Joseph Michael McShanag	Director	50,000	-	-	4,750	-	-	54,750
Total key management personnel compensation		**710,742**	**29,019**	**10,677**	**35,576**	**2,851**	**7,597**	**796,462**

* Key management personnel are remunerated partly or wholly by McGeachie Group Pty Ltd a related entity of director Jamie McGeachie.
^ Amounts are inclusive of GST and paid to related entities of the Directors.

c. Directors' shareholding

(i) Ordinary shares

The following table sets out the directors' relevant interest in shares of the Company or a related body corporate as at the date of this report. There have been no changes since the prior year.

Director	Ordinary Shares
Jamie Edward McGeachie	2,527,367

(c) Directors' shareholding (continued)

(ii) Redeemable preference shares

Details of redeemable preference shares held directly, indirectly or beneficially by key management personnel are as follows:

Key management personnel	
Managing Director - Jamie Edward McGeachie #^	$4,637,000
Manager - Quinnton Cowen #	$490,000
Manager - Stephen Paul Jones#	$267,000
Non-Executive Director - Andrew Peter Kemp ^	$1,495,000
Non-Executive Director - Joseph Michael McShanag #^	$3,781,000
Total	**$10,670,000**

Redeemable preference shares held by key management personnel issued under the Employee Prospectus and current as at 30 June 2020.

^ Redeemable preference shares held by key management personnel issued under the Company Prospectus and current as at 30 June 2020.

Shares under option

There are no un-issued ordinary shares of Investors Central Limited under option at the date of this report.

Shares issued on the exercise of options

No ordinary shares of Investors Central Limited were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Investors Central Limited paid a premium to insure the directors and executive officers of the Group. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

(b) Indemnity of auditors

Investors Central Limited has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors

Jessups Accountants and Business Advisors continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Jamie Edward McGeachie
Director

Quinnton Cowen
Director

Townsville
09 September 2020

INDEPENDENCE DECLARATION

TO THE DIRECTORS OF INVESTORS CENTRAL LTD
FOR THE YEAR ENDED 30 JUNE 2020

We declare that, to the best of our knowledge and belief, in relation to the audit of Investors Central Ltd for the year ended 30 June 2020, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
Jessups

Darren Thamm
Partner

Dated in Townsville this 9 day of September 2020

INVESTORS CENTRAL

A SMART ROAD TO WEALTH

Investors Central Limited - ABN 34 143 097 385
Annual financial report - 30 June 2020

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Investors Central Limited and its subsidiaries. The financial statements are presented in Australian currency.

Investors Central Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered Office:
Investors Central Limited
C/- Carey Accountants
141 Sturt Street,
Townsville, Queensland, 4810

Principal place of business:
Investors Central Limited
49 Dalrymple Road,
Garbutt, Queensland, 4812

A description of the nature of the consolidated entity's operations and its principal activities is included in the the Chairman and Managing Director's Statement on page 4 and in the Directors' Report on page 6, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 09 September 2020. The directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss & other comprehensive income

	Notes	**2020 $ '000**	2019 $ '000
Interest income	1,2	**45,069**	34,977
Fee income	2	**10,436**	9,842
Government subsidies		**765**	-
Other income		**93**	111
		56,363	44,930
Employee benefits expense		**(6,110)**	(5,036)
Loan establishment fees		**(3,359)**	(2,931)
Loss allowance and bad debts expense		**(8,250)**	(5,209)
Management fees		**(710)**	(1,374)
Depreciation and amortisation expense		**(494)**	(198)
Advertising expenses		**(917)**	(919)
Consultancy		**(848)**	(554)
Accounting fees		**(65)**	(46)
Finance costs		**(24,109)**	(19,785)
Other expenses		**(2,058)**	(1,565)
Total expenses		**(46,920)**	(37,617)
Profit before income tax		**9,443**	7,313
Income tax expense		**(2,907)**	(1,933)
Profit for the year		**6,536**	5,380
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**6,536**	5,380
Profit is attributable to: Owners of Investors Central Limited		**6,536**	5,380
Total comprehensive income for the year is attributable to: Owners of Investors Central Limited		**6,536**	5,380

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	**2020 $ '000**	2019 $ '000
ASSETS			
Current Assets			
Cash and cash equivalents	4(a)	**38,949**	25,529
Loans and other receivables	4(b)	**51,966**	39,136
Other current assets		**277**	77
Total current assets		**91,192**	64,742
Non-current assets			
Loans and other receivables	4(b)	**139,315**	129,653
Property, plant and equipment	5(a)	**1,394**	1,255
Deferred tax assets	5(d)	**3,944**	4,357
Intangible assets	5(b)	**44**	80
Right-of-use assets	5(c)	**1,749**	-
Total non-current assets		**146,446**	135,345
Total assets		**237,638**	200,087
LIABILITIES			
Current liabilities			
Trade and other payables	4(c)	**3,766**	2,995
Borrowings	4(d)	**42,298**	33,462
Provisions	5(e)	**213**	195
Deferred revenue		**6,330**	5,766
Total current liabilities		**52,607**	42,418
Non-current liabilities			
Borrowings	4(d)	**159,314**	139,482
Provisions	5(e)	**87**	55
Lease liabilities	5(c)	**1,759**	-
Total non-current liabilities		**161,160**	139,537
Total liabilities		**213,767**	181,955
Net assets		**23,871**	18,132
EQUITY			
Contributed equity	6(a)	**2,527**	2,527
Reserves	6(b)	**(1,420)**	(1,420)
Retained earnings		**22,764**	17,025
Total equity		**23,871**	18,132

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

Condensed consolidated statement of changes in equity

	Share Capital $ '000	Business combination under common control $ '000	Retained earnings $ '000	Total equity $ '000
Balance at 1 July 2018	2,527	(1,420)	12,204	13,311
Adjustment on adoption of AASB 9 (net of tax)	-	-	(321)	(321)
Restated total equity at the beginning of the financial year	**2,527**	**(1,420)**	**11,883**	**12,990**
Profit for the year	-	-	5,380	5,380
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**5,380**	**5,380**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(238)	(238)
Balance at 30 June 2020	**2,527**	**(1,420)**	**17,025**	**18,132**
Balance at 1 July 2019	**2,527**	**(1,420)**	**17,025**	**18,132**
Profit for the year	-	-	6,536	6,536
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**6,536**	**6,536**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(797)	(797)
Balance at 30 June 2020	**2,527**	**(1,420)**	**22,764**	**23,871**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Interest received		**44,038**	34,503
Interest paid		**(23,787)**	(19,278)
Receipts from customers (inclusive of GST)		**11,032**	7,942
Payments to suppliers and employees		**(10,337)**	(8,301)
		20,946	14,866
New customer loans		**(85,754)**	(93,463)
Repayment of customer loans		**53,210**	39,697
		(32,544)	(53,766)
Net cash (outflow) from operating activities before income tax		**(11,598)**	(38,900)
Income tax paid		**(2,112)**	(3,021)
Net cash (outflow) from operating activities	7(a)	**(13,710)**	(41,921)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5(a)	**(419)**	(1,121)
Net cash (outflow) from investing activities		**(419)**	(1,121)
Cash flows from financing activities			
Proceeds from issues of preference shares	7(b)	**43,035**	54,317
Repayment of preference shares	7(b)	**(14,312)**	(4,160)
Payment for transaction costs related to share issue	7(b)	**(183)**	(206)
Dividends paid to Company's shareholders		**(797)**	(238)
Lease payments		**(194)**	-
Net cash inflow from financing activities		**27,549**	49,713
Net increase in cash and cash equivalents		**13,420**	6,671
Cash and cash equivalents at the beginning of the financial year		**25,529**	18,858
Cash and cash equivalents at end of year	4(a)	**38,949**	25,529

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Interest income

	2020 $ '000	2019 $ '000
Cash and cash equivalent interest income	**260**	346
Loans and advances to customers interest income	**44,809**	34,631
	45,069	34,977

2. Revenue from contracts with customers

The Group derives revenue over time and at a point in time as follows:

	Interest income $ '000	**Fee income $ '000**	**Total $ '000**
2020			
Timing of revenue recognition			
At a point in time	-	2,938	2,938
Over time	45,069	7,498	52,567
	45,069	**10,436**	**55,505**
2019			
Timing of revenue recognition			
At a point in time	-	2,466	2,466
Over time	34,977	7,376	42,353
	34,977	**9,842**	**44,819**

3. Income tax expense

(a) Income tax expense

	2020 $'000	2019 $'000
Current tax on profits for the year	**4,044**	3,023
Adjustment for current tax of prior periods	**(1,550)**	–
Total current tax expense	**2,494**	3,023
Deferred income tax		
Decrease/(increase) in deferred tax assets (note 5(d))	**413**	(1,090)
Income tax expense	**2,907**	1,933

Notes to the consolidated financial statements (continued)

3. Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2020 $'000	2019 $'000
Profit from continuing operations before income tax expense	**9,443**	7,313
Tax at the Australian tax rate of 30% (2019 - 27.5%)	**2,833**	2,011
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry non-deductible expenses	**6**	5
Change in tax rates	**68**	(83)
Adjustments for current tax of prior periods	**(1,550)**	-
Adjustments for deferred tax of prior periods	**1,550**	-
Income tax expense	**2,907**	1,933

(c) Franked dividends

The franked portions of the dividends recommended after 30 June 2020 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2021.

	Consolidated entity	
	2020 $'000	2019 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019 - 27.5%)	**14,532**	11,830

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a. franking credits that will arise from the payment of current tax liabilities.
b. franking credits that the consolidated entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

4. Financial assets and financial liabilities

(a) Cash and cash equivalents

	2020 $'000	2019 $'000
Current assets		
Cash on hand and at bank	**19,917**	13,529
Deposits at call	**19,032**	12,000
	38,949	25,529

Notes to the consolidated financial statements (continued)

4. Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	2020			2019		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Loans receivable	**55,907**	**146,300**	**202,207**	41,188	134,320	175,508
Loss allowance	**(6,048)**	**(6,985)**	**(13,033)**	(3,637)	(4,667)	(8,304)
	49,859	**139,315**	**189,174**	37,551	129,653	167,204
Other receivables	**293**	**-**	**293**	27	-	27
Accrued interest	**1,814**	**-**	**1,814**	1,558	-	1,558
Total trade and other receibables	**51,966**	**139,315**	**191,281**	39,136	129,653	168,789

	2020 $'000	2019 $'000
Contractual maturity analysis		
Receivables at call	**-**	-
Not longer than 3 months	**14,633**	10,886
Longer than 3 months and not longer than 1 year	**41,274**	30,302
Longer than 1 year but not longer than 5 years	**142,514**	128,898
Longer than 5 years	**3,786**	5,422
	202,207	175,508

(i) Impairment of loans and advances

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for loans receivable.

To measure the expected credit losses, loans receivable have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 48 month before balance date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2020 was determined as follows for receivables:

30 June 2020	**0-30 days pass due**	**> 30-90 days past due**	**> 90-180 days past due**	**> 180 days past due**	**Total**
Expected loss rate	1.11%	2.22%	18.3%	50.13%	
Gross carrying amount $'000	156,588	17,574	9,929	18,116	202,207
Loss allowance provision $'000	**1,743**	**391**	**1,817**	**9,082**	**13,033**

30 June 2019	**0-30 days pass due**	**> 30-90 days past due**	**> 90-180 days past due**	**> 180 days past due**	**Total**
Expected loss rate	0.43%	2.14%	20.70%	53.08%	
Gross carrying amount $'000	144,990	11,879	7,616	11,023	175,508
Loss allowance provision $'000	**621**	**255**	**1,577**	**5,851**	**8,304**

Notes to the consolidated financial statements (continued)

(b) Trade and other receivables (continued)

(ii) Credit quality - security held against loans

	2020 $'000	2019 * $'000
Secured by mortgage over motor vehicle	**197,505**	170,183
Value of collateral held at fair value	**132,780**	119,653

*comparative adjusted for loans without a secured asset.

The value of collateral held was determined by reference to the wholesale value of motor vehicles held as collateral at date of loan origination reduced by 32.5% for each year since loan origination.

The Group may not have sufficient security over the borrower's assets to recover the full amount of the loan and/or interest repayments payable to it under the loan. In most cases, borrowers will provide their motor vehicle as security for their loan. If a borrower fails to make their loan repayments, the Group may be forced to take possession of the motor vehicle. Normally, the Group would seek to immediately sell the vehicle via wholesale second hand motor vehicle markets. Often motor vehicles are sold via wholesale second hand markets at significantly less than the price at which they are sold by car dealers. In addition, motor vehicles are depreciating assets, and therefore, the value of motor vehicles will also erode over time. Accordingly, if the Group is forced to take possession of the motor vehicle and sell it on wholesale motor vehicle markets, the Group may receive less for the vehicle than the amount owing under the loan.

(c) Trade and other payables

Current liabilities	**2020 $'000**	2019 $'000
Trade payables	**2,146**	2,054
BAS payable	**1,302**	691
Other payables	**318**	250
	3,766	2,995

Loans approved but not yet drawn have been recognised at reporting date as accounts payable.

(d) Borrowings

	2020			2019		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Unsecured						
Redeemable preference shares	**42,298**	**159,713**	**202,011**	33,462	139,826	173,288
Costs related to share issue	**-**	**(399)**	**(399)**	-	(344)	(344)
Total unsecured borrowings	**42,298**	**159,314**	**201,612**	33,462	139,482	172,944

Notes to the consolidated financial statements (continued)

(d) Borrowings (continued)

(i) Contractual maturity analysis

Contractual maturities of financial liabilities	Not longer than 1year $ '000	Between 1 & 2years $ '000	Between 2 & 3years $ '000	Between 3 & 4years $ '000	Between 4 & 5years $ '000	Total contractual cash flows $ '000	Carrying amount $ '000
At 30 June 2020							
Non-derivatives							
Redeemable preference shares	**44,731**	**47,390**	**69,805**	**53,633**	**42,104**	**257,663**	**202,011**
	44,731	**47,390**	**69,805**	**53,633**	**42,104**	**257,663**	**202,011**
At 30 June 2019							
Non-derivatives							
Redeemable preference shares	35,781	41,923	49,981	38,202	64,251	230,141	173,288
	35,781	41,923	49,981	38,202	64,251	230,141	173,288

(ii) Redeemable preference shares

Redeemable preference shares have been issued with fixed terms of 3 - 60 months and interest paid between 3.75 and 16% p.a. (2019: 4.25 and 16% p.a.) dependent on the fixed investment term and the principal investment amount. Preference shareholders have the right to receive notice of and to attend any meeting of Shareholders but will only be entitled to vote in the following circumstances:

a. On a proposal which affects the rights attached to Preference Shares, to reduce the share capital of the company, to wind up the company or for the disposal of the whole of the property, business and undertaking of the company;
b. On a resolution to approve the terms of a buy-back agreement;
c. During a period in which money owing on preference shares is in arrears; or
d. During the winding up of the company.

Notes to the consolidated financial statements (continued)

5. Non-financial assets & liabilities

(a) Property, plant and equipment

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At 1 July 2018			
Cost or fair value	537	-	537
Accumulated depreciation	(211)	-	(211)
Net book amount	**326**	**-**	**326**
Year ended 30 June 2019			
Opening net book amount	326	-	326
Additions	361	760	1,121
Disposals	(31)	-	(31)
Depreciation charge	(161)	-	(161)
Closing net book amount	**495**	**760**	**1,255**
At 30 June 2019			
Cost or fair value	766	760	1,526
Accumulated depreciation	(271)	-	(271)
Net book amount	**495**	**760**	**1,255**
Year ended 30 June 2020			
Opening net book amount	495	760	1,255
Additions	180	239	419
Disposals	(17)	-	(17)
Depreciation charge	(190)	(73)	(263)
Closing net book amount	**468**	**926**	**1,394**
At 30 June 2020			
Cost	909	999	1,908
Accumulated depreciation	(441)	(73)	(514)
Net book amount	**468**	**926**	**1,394**

Notes to the consolidated financial statements (continued)

(b) Intangible assets

	Software $'000
At 1 July 2018	
Cost	194
Accumulation amortisation	(74)
Net book amount	**120**
Year ended 30 June 2019	
Opening net book amount	120
Disposals	(3)
Amortisation charge	(37)
Closing net book amount	**80**
At 30 June 2019	
Cost	191
Accumulation amortisation	(111)
Net book amount	**80**
Year ended 30 June 2020	
Opening net book amount	80
Amortisation charge	(36)
Closing net book amount	**44**
At 30 June 2020	
Cost	44
Accumulated amortisation	-
Net book amount	**44**

(c) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 $'000	2019 $'000
Right-of-use assets *	**1,749**	-
Buildings	**1,749**	-
Lease liabilities	**1,749**	-
Non-current	**1,749**	-

* For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to note 16.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit of loss shows the following amounts relating to leases:

	Notes	**2020 $'000**	2019 $'000
Depreciation charge of right-of-use assets		**194**	-
Buildings		**194**	-
Interest expense (included in finance cost)		**75**	-

Notes to the consolidated financial statements (continued)

(d) Deferred tax balances

	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Plant and equipment	**(74)**	(4)
Employee benefits	**176**	131
Deferred revenue	**7**	1,730
Loss allowance	**3,910**	2,500
Accrued income	**(75)**	-
	3,944	4,357
Movements:		
Opening balance	**4,357**	3,130
Adoption of AASB 9	**-**	137
Credited to profit or loss (note 3)	**(413)**	1,090
Closing balance	**3,944**	4,357

(e) Provisions

	2020			2019		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits	**213**	**87**	**300**	195	55	250

Notes to the consolidated financial statements (continued)

6. Equity

(a) Contributed equity

(i) Ordinary shares

	2020 Shares	2019 Shares	**2020 $'000**	2019 $'000
Ordinary Shares - fully paid	**2,527,367**	2,527,367	**2,527**	2,527

There was no movement in fully paid ordinary shares for the year ended 30 June 2019 or 30 June 2020.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for the shareholder and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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 asset and debt levels and dividend payout ratio.

The Company's capital comprises equity as shown in the statement of financial position. The Company is not exposed to externally imposed capital requirements.

(b) Reserves

	2020 $'000	2019 $'000
Business under common control reserve	**(1,420)**	(1,420)

(i) Business Combination under common control reserve

Any difference between the cost of the acquisition (i.e. the fair value of the consideration paid), and the amounts at which the acquired assets and liabilities are recorded for business combinations under common control) have been recognised in the 'business combinations under common control' reserve.

On 20 May 2013 the group acquired 100% of the share capital of Fin One Pty Ltd.

This acquisition is a business combination under common control. It has been accounted for by the Group prospectively from the date of obtaining the ownership interest. Assets and liabilities have been recognised upon consolidation at their carrying amounts in Fin One Pty Ltd's financial statements.

The difference between the cost of the acquisition (i.e. the fair value of the consideration paid), and the amounts at which the assets and liabilities have been recorded is recognised in the 'business combinations under common control' reserve.

Notes to the consolidated financial statements (continued)

7. Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2020 $'000	2019 $'000
Profit for the year	**6,536**	5,380
Adjustment for		
Depreciation and amortisation	**494**	198
Amortisation of transaction costs	**81**	108
Net loss on sale of non-current assets	**14**	35
Change in operating assets and liabilities:		
Increase in loans and advances	**(138,389)**	(135,105)
Customer loan repayments	**107,971**	81,713
Loss allowance	**8,250**	5,209
Increase in prepayments and other assets	**(466)**	(16)
Decrease/(increase) in deferred tax asset	**413**	(1,090)
Increase in other payables	**1,235**	1,534
Increase in employee benefits	**151**	113
Net cash inflow (outflow) from operating activities	**(13,710)**	(41,921)

(b) Net debt reconciliation

Net debt	2020 $'000	2019 $'000
Cash and cash equivalents	**38,949**	25,529
Borrowings - repayable within one year	**(42,298)**	(33,462)
Borrowings - repayable after one year	**(159,314)**	(139,482)
Net debt	**(162,663)**	(147,415)

	Cash $'000	Borrowings due within 1yr $'000	Borrowings due after 1 yr $'000	Total $'000
Net debt as at 1 July 2018	**18,858**	**(11,371)**	**(111,514)**	**(104,027)**
Financing cashflows	-	4,160	(54,317)	(50,157)
Total cashflows	6,671	-	-	6,671
Amortisation of transaction costs	-	-	(108)	(108)
Other non-cash movements	-	(26,251)	26,251	-
Costs relating to share issue	-	-	206	206
Net debt as at 30 June 2019	**25,529**	**(33,462)**	**(139,482)**	**(147,415)**

	Cash $'000	Borrowings due within 1 yr $'000	Borrowings due after 1 yr $'000	Total $'000
Net debt as at 1 July 2019	**25,529**	**(33,462)**	**(139,482)**	**(147,415)**
Financing cashflows	-	14,312	(43,035)	(28,723)
Total cashflows	13,420	-	-	13,420
Amortisation of transaction costs	-	-	(81)	(81)
Other non-cash movements	-	(23,148)	23,101	(47)
Costs relating to share issue	-	-	183	183
Net debt as at 30 June 2020	**38,949**	**(42,298)**	**(159,314)**	**(162,663)**

Notes to the consolidated financial statements (continued)

8. Related party transactions

(a) Parent entity

On the 20th May 2013, Investors Central Limited became the parent entity of Fin One Pty Ltd, by purchasing a 100% of the shares from the previous shareholder.

(b) Subsidiaries

Interests in subsidiaries are set out in note 9(a).

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2020 $'000	30 June 2019 $'000
Interest paid to directors on preference shares held	**1,450**	1,246
McGeachie Group Pty Ltd and McGeachie Property Pty Ltd, companies associated with Jamie McGeachie a director of the Company, provided corporate services, administration, accounting, business operation support services and provision of property.	**995**	1,087

9. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/country or incorporation**	**Ownership interest held by the group**	
		2020 %	2019 %
Fin One Pty Ltd	Australia	**100**	100
Finance One Commercial Pty Ltd	Australia	**100**	0

10. Contingent liabilities

The Group had no contingent liabilities at 30 June 2020 (2019: nil).

11. Events occurring after the reporting period

Other than the matters outlined in the Chairman and Managing Director's Statement, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Notes to the consolidated financial statements (continued)

12. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

	2020 $	2019 $
Audit and other assurance services		
Audit of financial statements	**31,350**	31,858
Total remuneration for audit and other assurance services	**31,350**	31,858

13. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Investors Central Limited, show the following aggregate amounts:

	2020 $'000	2019 $'000
Statement of financial position		
Current assets	**203,908**	175,046
Non-current assets	**2,543**	2,540
Total assets	**206,451**	177,586
Current liabilities	**44,391**	35,319
Non-current liabilities	**159,564**	139,754
Total liabilities	**203,955**	175,073
Net assets	**2,496**	2,513
Shareholders' equity		
Contributed equity	**2,527**	2,527
Accumulated losses	**(31)**	(14)
	2,496	2,513
Loss for the year	**(17)**	(33)
Total comprehensive loss	**(17)**	(33)

Notes to the consolidated financial statements (continued)

14. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed and may include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance management ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls, and risk limits. Finance identifies and evaluates financial risks within the company. Finance reports to the Board on a monthly basis.

(a) Market risk

Market risk is the risk that changes in interest rates or other prices and volatilities will have an adverse effect on the Group's financial condition or results. The Group is not exposed to currency risk or other significant price risk. The Group does not trade in the financial instruments it holds on its books. It is exposed only to interest rate risk arising from changes in market interest rates.

Interest rate risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to the changes in interest rates. The Group's main interest rate risk arises from cash and cash equivalents, loans and advances to customers and amounts payable on redeemable preference shares. Amounts payable on redeemable preference shares attract a fixed interest rate which exposes the Group to fair value interest rate risk. The Group manages this risk by charging a fixed interest on loans and advances to customers at a higher margin than the required interest paid.

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	2020 $'000	2019 $'000
Variable rate instruments		
Cash and cash equivalents	**38,949**	25,529
Fixed rate instruments		
Loans and advances to customers	**202,207**	175,508
Borrowings	**(202,011)**	(173,288)

An official increase/decrease in interest rates on variable rate instruments of 100 (2019:100) basis points would have a favourable/adverse effect on profit before tax of $389,488 (2019: $255,286) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

(b) Credit risk

Credit risk is the risk that customers and other counterparties will be unable to meet their obligations to the Group which may result in financial losses. Credit risk arises principally from loans and advances to customers. The Group operates in the automotive lending business and writes consumer loans up to $75,000 with interest rates from 12% to 28% p.a. and commercial loans up to $125,000 with interest rates from 12% to 28% p.a. The Group specialises in lending to individuals with poor credit histories, who can demonstrate that they are able to service loan repayments without suffering financial hardship. These borrowers may be unable to obtain finance from banks and accordingly may be regarded at a higher risk of defaulting on their loans exposing the Group to credit risk.

All loan applications are assessed in accordance with credit policy and against product guidelines which are reviewed and refined to factor in changes in the market, with consideration given to account demographic and economic conditions. Credit policy and product guidelines are clearly communicated to and well understood by our credit analysts, who are also responsible for checking borrowers' documentation including credit files, employment details and bank statements. An application cannot proceed until all required documentation is provided.

Notes to the consolidated financial statements (continued)

(b) Credit risk (continued)

Finance One has developed internal lending guidelines in order to ensure that loans are carefully reviewed before funds are advanced. Finance One may approve loans which fall outside its lending guidelines if management considers the applicant to be otherwise creditworthy. The purpose of Finance One's lending guidelines are to screen out undesirable loans by undertaking thorough due diligence on borrowers.

The lending process consists of the following steps:

- Initial loan review
- Borrower credit checks
- Valuation of loan security
- Loan approval
- Settlement of loan documents

In order to minimise the potential for loan defaults, Finance One will discuss with borrower's their loan repayment date to verify it coincides with their pay cycle to ensure a greater likelihood of successful loan repayments being made. All the loans are subject to ongoing monitoring of borrowers progress in making repayments by a dedicated arrears management team using a loan arrears software package. Any loan default is immediately highlighted in a specific loan repayment report. In the event that a borrower fails to make a scheduled repayment, the company will implement its loan default management procedures.

Set out below is a summary of Finance One's loan management policy.

Systems for ongoing monitoring of loans	With all loan repayments being electronic, Finance One utilises a specific software package to monitor all loan repayments, and in particular, any loan defaults. This results in early remedial action being taken, often within 24 hours but generally within 3 days of default. An automated SMS & email with a driect link to our payment portal is issued to the customer.
Scheduled repayments not made within 14 days	The borrower is contacted by telephone to assess their current financial situation and ascertain the reason for the default. Our arrears management team works with the borrower to arrive at a mutually satisfactory outcome after taking the borrower's current personal circumstances into consideration. By building rapport with our borrowers we are able to minimise ongoing loan defaults. In addition to our personal contact, a standard loan arrears letter is sent to the client confirming the loan default and reminding them of their contracted obligations.
Loan in default for 30 days	The borrower is again contacted by telephone to assess their current financial situation and ascertain whether there is any new reason for the default. Our arrears management team continues to work with the borrower to try to overcome the continuing default. Often further defaults can be avoided by structuring repayments to the borrower's current financial circumstances. In addition, a loan default letter is sent to the borrower confirming the loan default and reminding them of their legal obligations.
Loan in default for 60 days or more	The borrower is contacted by telephone to assess their current financial situation and understand why the loan remains in default. We continue to work with the borrower to try to overcome the default. Unless a more satisfactory arrangement can be made or in the event of the borrower not being contactable, we then set in motion our repossession and/or legal processes. At this point a more strongly worded loan default letter is sent to the client.

Notes to the consolidated financial statements (continued)

(b) Credit risk (continued)

A provision for Impairment is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered. Refer to note 15 for a detailed explanation.

A summary of past due but not impaired loans is set out in note 4.

The geographical concentration of credit risk is as follows:

State	% of Loans and Advances
Queensland	36.73
New South Wales	24.40
Australian Captial Territory	0.77
Tasmania	1.67
Victoria	23.26
South Australia	5.32
Western Australia	6.91
Northern Territory	0.96

(c) Liquidity risk

Liquidity risk for the Group is that it may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or loans written. It is the policy of the Board that the Group maintains adequate cash reserves so as to meet the payment of loan and interest payments when required.

The Group manages liquidity risk by:

- Monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities; and
- Maintaining adequate reserves.

(i) Maturities of financial liabilities

The Group's financial liabilities are divided into relevant maturity groupings based on their contractual maturities as set out in note 4.

(d) Fair value estimation

The carrying amount of the Group's financial assets and liabilities approximates their fair value. Loans and receivables after allowance for impairment and payables are considered to be a reasonable approximation of fair value.

The carrying amount of current borrowings approximates fair value as the impact of discounting is not significant. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the consolidated financial statements (continued)

15. Summary of significant accounting policies

The financial statements cover Investors Central Limited as an individual entity and Investors Central Limited and controlled entities as a Consolidated Entity. Investors Central Limited is an unlisted public company limited by shares and is incorporated and domiciled in Australia. Prior to 18 December 2012 Investors Central Limited was Investors Central Pty Ltd, an Australian proprietary company limited by shares.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Investors Central Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Investors Central Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2019:

- AASB 16 Leases
- AASB 2019-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle
- Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 16. The other amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

(iv) New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

(b) Critical accounting estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Impairment losses on loans and advances

All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired. Evidence of impairment may include indications that the borrower has defaulted, is experiencing significant financial difficulty, or where the debt has been restructured to reduce the burden to the borrower.

The amount provided for impairment of loans is determined by management and the Board. An impairment loss is recognised on loans which have not maintained loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as bankruptcy, job losses or economic circumstances.

Notes to the consolidated financial statements (continued)

(b) Critical accounting estimates (continued)

The actual amount of the future cash flows and their timing may differ significantly from the assumptions made for the purposes of determining the impairment provision given the number of customers and current economic conditions. This uncertainty is exacerbated in the current economic climate, where the timing of, and value realisable from the collateral held in the form of motor vehicles is particularly uncertain. Consequently, these allowances can be subject to variation. Refer to note 4(b) in respect of impairment of loans and advances.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Investors Central Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Investors Central Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, unless the acquisition was of an entity under common control. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

The consolidated entity operates predominantly in one business and geographical segment, being a automotive lending business in Australia.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Investors Central Limited's functional and presentation currency.

(f) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The specific accounting policies for the Group's main business activities are recognised on the following basis:

(i) Interest income

Interest revenue is recognised over time using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset and allocates the interest income over the expected life of the financial asset so as to achieve a constant yield on the financial asset. Expected life is determined on the basis of the historical behaviour of the loan portfolio, taking into account contractual obligations and prepayment experience. This is assessed on a regular basis.

Notes to the consolidated financial statements (continued)

(f) Revenue recognition (continued)

(ii) Fee income

Upfront fee income in relation to loan origination that are integral to the effective interest rate of a financial asset are recognised using the effective interest rate method. This involves recognising the loan origination fees, net of direct loan origination costs, over the life of the loan as an adjustment of yield.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

(g) Interest expense

Interest expense is recognised in profit or loss as it accrues, using the effective interest method.

(h) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised on the initial recognition of assets or liabilities, in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Business combinations

Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the acquiree's financial statements. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity in the 'business combinations under common control' reserve.

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to the consolidated financial statements (continued)

(j) Financial assets and liabilities (continued)

(iii) *Amortised cost measurement*
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Identification and measurement of impairment
The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The ECL on loans and other receivables is determined as follows:

a. The Group collectively assesses ECLs on loans receivable where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these loans receivable, the Group recognises as a collective provision the 12 month ECL. The 12-month ECL is the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

b. The Group identifies, both collectively and individually, ECLs on loans receivable where there has been a significant increase in credit risk since initial recognition and/or are considered credit impaired. For these loans, a lifetime ECL is recognised as a collective or specific provision. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

For the financial year ended 30 June 2020 the Group has considered the impact on the Life Time ECL for loans that are held in a COVID-19 hardship status (loans on reduced payments or payments on hold). This has involved significant judgement and reflects both a more negative view of economic forecasts as well as customer downgrades and increased delinquencies while taking into account the security held over loans. Factors considered have included the extent and duration of business closures, projected unemployment, the impact of various support measures along with the extent and duration of the economic downturn. This analysis has resulted in an increase in the provision in relation to COVID-19 stressed loans of $765,000 or 0.38% of the loan book.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(v) Financial assets
Financial assets held by the Group are described below:

a. Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the next term.

Notes to the consolidated financial statements (continued)

(j) Financial assets and liabilities (continued)

b. Loans and advances (continued)
Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method and after assessing provisions for impairment losses.

Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement.

Bad debts are written off when identified. Write-offs for bad debts are recognised as expenses through profit or loss.

(vi) Financial liabilities
Financial liabilities held by the Group are described below:

a. Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services. Trade accounts payable are stated at cost, are non-interest bearing and are normally settled within 30 days.

b. Borrowings
Borrowings are initially recognised at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the borrowings are classified as non-current.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(k) Fair value measurement
Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Notes to the consolidated financial statements (continued)

(l) Leases

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

As explained in note 15(a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 16.

The Group leases offices. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 15(l) for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Notes to the consolidated financial statements (continued)

(l) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the total lease payments made were optional.

(ii) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of $1,506,097 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

(m) Property plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives range from 3 to 20 years.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(n) Intangible assets

(i) Software

Costs associated with the development of software for internal use are capitalised if the software is technically feasible and the consolidated entity has both the intent and sufficient resources to complete the development. Costs are only capitalised if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives range from 4 to 5 years.

(o) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the consolidated financial statements (continued)

(o) Impairment of non-financial assets (continued)

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, bonuses, fringe benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting year, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(q) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 4(d)).

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

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(s) Good and Services Tax (GST)

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

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

Notes to the consolidated financial statements (continued)

(s) Goods and Services Tax (GST) (continued)

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

(t) Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(u) Parent entity financial information

These financial statements include the results of both the parent entity and the consolidated entity in accordance with Class Order 10/654, issued by the Australian Securities and Investments Commission.

16. Changes in accounting policies

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements.

As indicated in note 15(a) above, the Group has adopted AASB 16 Leases retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.88%.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of right-of-use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019.

(iii) Adjustments recognised in the consolidated statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 July 2019:

- right-of-use assets - increased by $1,943,000
- lease liabilities - increased by $1,943,000.

The net impact on retained earnings on 1 July 2019 was nil.

Directors' declaration

In the directors' opinion:

a. the annual financial statements and notes set out on pages 13 to 41 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the financial year ended on that date, and

b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Jamie Edward McGeachie
Director

Quinnton Cowen
Director

Townsville
09 September 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INVESTORS CENTRAL LIMITED FOR THE YEAR ENDED 30 JUNE 2020

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Investors Central Limited (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, 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 consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

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

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

BASIS FOR OPINION

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2020.

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

Responsibilities

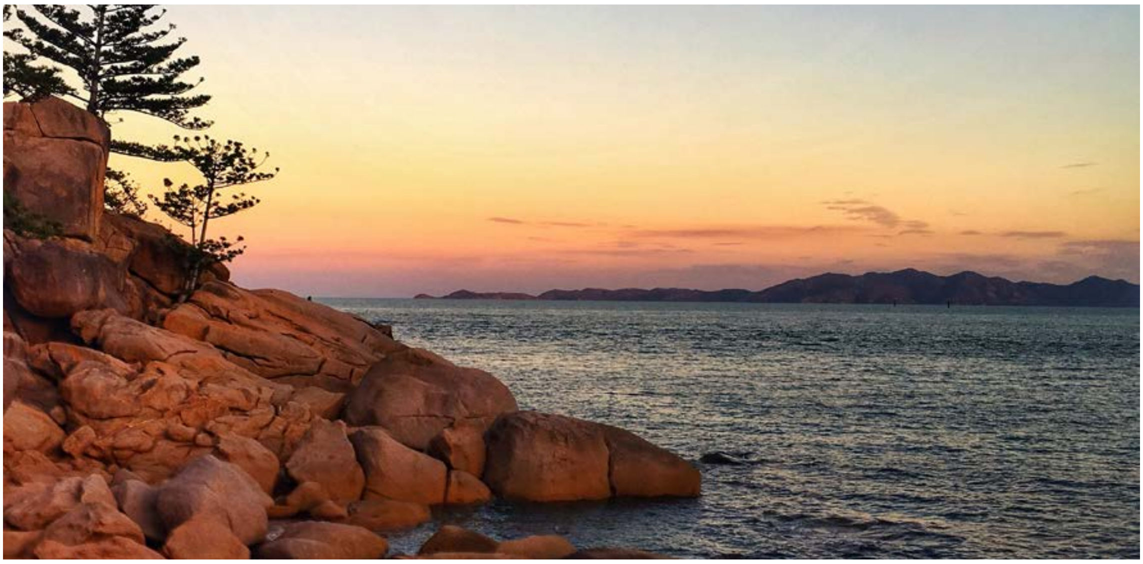
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian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

Jessups

Darren Thamm
Partner

Dated this 9th day of September 2020

Corporate **Information**



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