Authorised Investment Fund Limited

ABN 51 068 793 322

Annual Report - 30 June 2019

Directors	Benjamin Genser – Chairman David H.A. Craig – Managing Director Chris Baring-Gould – Executive Director
Company secretary	Cathy W Lin
Registered office	Level 9, 406 Collins Street Melbourne VIC 3000
Principal place of business	Level 9, 406 Collins Street Melbourne VIC 3000
Share register	Computershare Investor Services Pty Ltd Yarra Falls Yarra Falls 452 Johnston Street Abbotsford Vic 3067
Auditor	George Georgiou FCA Connect Audit Level 11, 350 Collins Street MELBOURNE VIC 3000
Stock exchange listing	Authorised Investment Fund Limited shares are listed on the Australian Securities Exchange (ASX code: AIY)
Website	www.authorisedinvestment.com.au
Corporate Governance Statement	Refer to www.authorisedinvestment.com.au/

Authorised Investment Fund Limited
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Authorised Investment Fund Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of Authorised Investment Fund Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Benjamin Genser - Chairman
David H.A. Craig – Managing Director
Chris Baring-Gould – Executive Director

Principal activities

The company is registered under the Pooled Development Funds Act 1992 (Cth) ("PDF Act"). The principal activities of the company during the financial year were the provision of passive equity capital to certain eligible small and medium-sized Australian companies in accordance with the provisions of the PDF Act. There has been no significant change in the nature of these activities during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $2,355,011 (30 June 2018: loss of $531,411).

The review of operations will be included in the Chairman's letter presented at the AGM.

Significant changes in the state of affairs

Refer to Note 10 for details on shares issued during the year.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

To further improve the company's profit and maximise returns to shareholders, the directors intend to continue the company's current strategy of investing in small to medium-sized eligible Australian companies that show promising prospects of growth, in accordance with the provisions of the PDF Act. This will assist in the achievement of the company's long-term financial goals.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Benjamin Genser
Title:	Chairman (executive)
Qualifications:	Bachelor of Architecture
Experience and expertise:	Managing Director of the Belgrave Group of companies.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Chairman of Board Audit Committee
Interests in shares:	45,461,626 fully paid ordinary shares
Interests in options:	26,007,257 options over ordinary shares

Name:	David H.A. Craig
Title:	Managing Director (executive)
Qualifications:	Bachelor of Economics
Experience and expertise:	Director since March 1998, Chairman of Consolidated Financial Services Limited Group, Chairman of Endless Solar Corporation Limited.
Other current directorships:	Director of Endless Solar Corporation Ltd (NSX : ESCLV)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	64,521,845 fully paid ordinary shares
Interests in options:	26,200,000 options over ordinary shares

Name:	Chris Baring-Gould
Title:	Director (executive)
Qualifications:	BBusAcc, MBA, CPA
Experience and expertise:	Over 25 years' experience in financial management, including as Group Financial Controller at investment and stockbroking firm JB Were & Son, General Manager of a stock broking subsidiary of the listed Equity and Property Investment Group, and Chief Financial Officer at Anglicare Victoria for 18½ years. Independent member of the Funds-in-Court Audit Committee (Victoria Supreme Court) and board member of Spectrum Victoria.
Other current directorships:	Director of Endless Solar Corporation Ltd (NSX : ESCLV)
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Board Audit Committee
Interests in shares:	18,628,652 fully paid ordinary shares
Interests in options:	7,600,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Ms. Cathy W Lin C.A B &.Com (Auckland University)

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr.B.Genser	5	5
Mr. D.H.A. Craig	5	5
Mr. C.Baring-Gould	5	5

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The remuneration policy of Authorised Investment Fund Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based upon key performance areas affecting the company’s financial results. The board of Authorised Investment Fund Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between director and shareholders.

The board’s policy for determining the nature and amount of remuneration for board members of the company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board;
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives; and
- The board reviews executive packages annually by reference to the company’s performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company’s profits and shareholders’ value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company. However, to align directors’ interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Company performance, shareholder wealth and director and executive remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth in future years.

Use of remuneration consultants
The company has not engaged remuneration consultants

Voting and comments made at the company's 30 November 2018 Annual General Meeting ('AGM')
At the 30 November 2018 AGM, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
There were no fees paid to directors and key management personnel during the 2019 financial year.

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Executive Directors:							
Mr. B. Genser	-	-	-	-	-	60,000	60,000
Mr. D.H.A.Craig	-	-	-	-	-	60,000	60,000
Mr C.G. Baring-Gould	-	-	-	-	-	30,000	30,000
Other Key Management Personnel:							
Ms C Lin	-	-	-	-	-	30,000	30,000
	-	-	-	-	-	180,000	180,000

Service agreements
The directors and executives do not have formalised contracts of employment.

A directors appointment may be terminated in accordance with the Corporations Act and the constitution of the company, and their office will be ipso facto vacated in the circumstances specified in the Corporations Act and the Constitution of the company. A director may terminate their appointment by giving 3 months' notice in writing to the company. The company will pay the Director, by way of remuneration for his services, directors' fees in accordance with the constitution of the company.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Exercise of options	Disposals	In lieu of professional services	Balance at the end of the year
Mr.B.Genser	23,540,235	532,978	(2,151,822)	23,540,235	45,461,626
Mr.D.H.A.Craig	41,321,845	-	-	23,200,000	64,521,845
Mr C. G. Baring-Gould	12,528,652	-	-	6,100,000	18,628,652
Ms C. Lin	4,700,000	-	-	6,666,667	11,366,667
	82,090,732	532,978	(2,151,822)	59,506,902	139,978,790

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Mr.B.Genser	3,000,000	23,540,235	(532,978)	-	26,007,257
Mr.D.H.A.Craig	3,000,000	23,200,000	-	-	26,200,000
Mr C. G. Baring-Gould	1,500,000	6,100,000	-	-	7,600,000
Ms C. Lin	2,100,000	6,666,667	-	(600,000)	8,166,667
	9,600,000	59,506,902	(532,978)	(600,000)	67,973,924

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Authorised Investment Fund Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
01 January 2018	22 December 2022	$0.05	9,000,000
10 December 2018	20 June 2021	$0.05	134,950,773
			143,950,773

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Authorised Investment Fund Limited were issued during the year ended 30 June 2019 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
10 December 2018	$0.05	779,774

Indemnity and insurance of officers
During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, secretary or officer of the company, other than conduct involving a wilful breach of duty in relation to the company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the premium amount.

Apart from the insurance premium noted above, no indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is an officer or auditor of the company.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Connect Audit
There are no officers of the company who are former partners of Connect Audit.

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 immediately after this directors' report.

Auditor
George Georgiou from Connect Audit continues as auditor and was appointed in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Benjamin Genser
Chairman

30 September 2019

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350 Collins St
Melbourne VIC 3000
Tel: +613 9592 2357
Web: www.connectaudit.com.au

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Authorised Investment Fund Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AUTHORISED INVESTMENT FUND LIMITED.

George Georgiou FCA
ASIC Reg No 10310
Melbourne, Victoria
Dated: 30/09/2019

Authorised Investment Fund Limited
Contents
30 June 2019

General information

The financial statements cover Authorised Investment Fund Limited as a consolidated entity consisting of Authorised Investment Fund Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Authorised Investment Fund Limited's functional and presentation currency.

Authorised Investment Fund Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 406 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2019. The directors have the power to amend and reissue the financial statements.

Authorised Investment Fund Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Other income	5	4,434,679	232,962
Interest revenue calculated using the effective interest method		32,584	-
Expenses			
Administration and other expenses		(1,687,852)	(374,373)
Impairment of investments	8	(424,400)	(390,000)
Profit/(loss) before income tax expense		2,355,011	(531,411)
Income tax expense	6	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Authorised Investment Fund Limited		2,355,011	(531,411)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Authorised Investment Fund Limited		2,355,011	(531,411)
		Cents	**Cents**
Basic earnings per share	24	0.62	(0.23)
Diluted earnings per share	24	0.52	(0.23)

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

Authorised Investment Fund Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents		7,805	103,209
Trade and other receivables	7	360,141	1,967
Total current assets		367,946	105,176
Non-current assets			
Financial assets at fair value through profit and loss	8	14,971,633	9,129,454
Other		39,600	-
Total non-current assets		15,011,233	9,129,454
Total assets		15,379,179	9,234,630
Liabilities			
Current liabilities			
Trade and other payables	9	41,816	349,427
Total current liabilities		41,816	349,427
Total liabilities		41,816	349,427
Net assets		15,337,363	8,885,203
Equity			
Issued capital	10	24,154,497	20,057,348
Accumulated losses		(8,817,134)	(11,172,145)
Total equity		15,337,363	8,885,203

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

Authorised Investment Fund Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017	10,677,348	(10,640,734)	36,614
Loss after income tax expense for the year	-	(531,411)	(531,411)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(531,411)	(531,411)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 10)	9,380,000	-	9,380,000
Balance at 30 June 2018	20,057,348	(11,172,145)	8,885,203

Consolidated	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2018	20,057,348	(11,172,145)	8,885,203
Profit after income tax expense for the year	-	2,355,011	2,355,011
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,355,011	2,355,011
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 10)	4,097,149	-	4,097,149
Balance at 30 June 2019	24,154,497	(8,817,134)	15,337,363

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

Authorised Investment Fund Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Cash payments in course of operations		-	92,998
Interest received		32,584	-
Payments for security deposits		(39,600)	-
Payments to suppliers (inclusive of GST)		(829,067)	-
Net cash from/(used in) operating activities	23	(836,083)	92,998
Cash flows from investing activities			
Payments for investments		(350,000)	-
Net cash used in investing activities		(350,000)	-
Cash flows from financing activities			
Proceeds from issue of shares		1,620,447	-
Payments to related parties		(434,335)	-
Share issue transaction costs		(95,433)	-
Net cash from financing activities		1,090,679	-
Net increase/(decrease) in cash and cash equivalents		(95,404)	92,998
Cash and cash equivalents at the beginning of the financial year		103,209	10,211
Cash and cash equivalents at the end of the financial year		7,805	103,209

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The impact of its adoption was not material because the consolidated entity was already recognising its available for sales assets at fair value through the profit and loss.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The impact of its adoption was not material.

Going concern
The directors have prepared a cash flow which indicates that the company has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. Directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

Note 1. Significant accounting policies (continued)

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 ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Authorised Investment Fund Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Authorised Investment Fund Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. 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.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
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.

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Associates
The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Note 1. Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

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

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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

Issued capital
Ordinary shares are classified as equity.

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

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Authorised Investment Fund Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity. The only lease expires within twelve months and the practical expedient will be applied, therefore adoption of the standard will have no impact.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of investments
The fair values of the unlisted securities not traded in an active market are determined in accordance with directors' valuations which are based on their experience in the industry.

The directors have used assumptions, such as estimated cash flows, project business growth plans and other market data available in determining their valuation of the unlisted investments. Should these assumptions change in subsequent periods the fair value may be impacted and accounted for through the profit and loss. The directors have used a number of different valuation tools together to determine the fair value of the investee companies, including projected discounted cashflows and multiples of projected revenues and profits.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Differences to preliminary report

There are a number of differences between the preliminary financial report lodged with the ASX on 30 August 2019, which are detailed below:

- Net fair value gain on financial assets was originally reported as $3,182,468 and has changed to $4,434,679 in the audited accounts. This is due to changes in valuation assumptions that only came to light since the preliminary report was lodged.
- Administration and other expenses was originally reported as $1,162,547 and has changed to $1,687,852 in the audited accounts. This is due to capital raising expenses not capitalised for amortisation in future periods, and other reconciliation differences written off.
- Impairment of investments was originally reported as $74,400 and has changed to $424,400 in the audited accounts. This is due to the write off of a loan to an investee company.
- Issued capital was originally reported as $24,831,403 and has changed to $24,154,497 in the audited accounts This is due to changes in the valuation attributed to shares issued in lieu of fees and as consideration for investments.

Note 4. Operating segments

Identification of reportable operating segments
The Company operates as a registered Pooled Development Fund under the Pooled Development Funds Act 1992 (Cth)("PDF Act"), solely within Australia.

The principal activity of the Company during the financial year ended 30 June 2018, was the provision of passive equity capital to certain eligible small or medium-sized Australian companies in accordance with the provisions of the PDF Act.

Note 5. Other income

	Consolidated 2019 $	2018 $
Net fair value gain on financial assets	4,434,679	232,962

Note 6. Income tax expense

	Consolidated 2019 $	2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	2,355,011	(531,411)
Tax at the statutory tax rate of 25%	588,753	(132,853)
Current year tax losses not recognised	626,017	191,094
Write-back for impairment/valuation of investments	(1,214,770)	(58,241)
Income tax expense	-	-

	Consolidated 2019 $	2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	7,228,062	4,915,432
Potential tax benefit @ 25%	1,807,016	1,228,858

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2019 $	2018 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses - income	7,451,298	4,947,232
Tax losses - capital	201,164	201,164
Timing differences	(424,400)	(232,964)
Total deferred tax assets not recognised	7,228,062	4,915,432

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Receivable from related party	242,689	-
BAS receivable	117,452	1,967
	360,141	1,967

Note 8. Non-current assets - financial assets at fair value through profit and loss

	Consolidated 2019 $	Consolidated 2018 $
Listed investment	860,722	201,600
Unlisted investments	14,110,911	8,927,854
	14,971,633	9,129,454

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2019 $	2018 $
Opening fair value	9,129,454	96,492
Additions	1,831,900	9,190,000
Revaluation increments	4,434,679	232,962
Impairment of investments	(424,400)	(390,000)
Closing fair value	14,971,633	9,129,454

Refer to note 13 for further information on fair value measurement.

Financial assets at fair value comprise investments in the ordinary issued capital of various entities. Consistent with Australian Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement, upon initial recognition it was designated by the entity as at fair value through profit or loss. There are no fixed returns or fixed maturity date attached to these investments.

Note 9. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	41,816	42,968
Payable ESC	-	191,646
Other payables	-	114,813
	41,816	349,427

Refer to note 12 for further information on financial instruments.

Note 10. Equity - issued capital

	Consolidated			
	2019 Shares	**2018 Shares**	**2019 $**	**2018 $**
Ordinary shares - fully paid	422,017,384	275,460,645	24,154,497	20,057,348

Movements in ordinary share capital

Details		**Shares**		**$**
Balance		156,127,312		10,857,348
Issue of shares - for investments	13 February 2018	2,000,000	$0.05	100,000
Issue of shares - for investments	14 February 2018	20,000,000	$0.03	600,000
Issue of shares - for investments	26 March 2018	20,000,000	$0.03	600,000
Issue of shares - in lieu of fees	4 April 2018	6,000,000	$0.04	210,000
Issue of shares - in lieu of fees	13 April 2018	6,000,000	$0.03	180,000
Issue of shares - exercise of options	21 May 2018	333,333	$0.03	10,000
Issue of shares - for investments	1 June 2018	5,000,000	$0.10	500,000
Issue of shares - for investments	1 June 2018	5,000,000	$0.20	1,000,000
Issue of shares - for investments	14 June 2018	50,000,000	$0.10	5,000,000
Issue of shares - for investments	14 June 2018	5,000,000	$0.20	1,000,000
Balance	30 June 2018	275,460,645		20,057,348
Issue of shares	25 September 2018	39,826,967	$0.03	1,194,809
Issue to directors for settlement of loans	25 September 2018	59,506,921	$0.03	1,785,208
Issue of shares	15 October 2018	2,000,000	$0.03	60,000
Issue of shares - for investments	15 October 2018	24,396,659	$0.03	731,900
Issue of shares - in lieu of fees	7 December 2018	1,283,333	$0.03	38,500
Issue of shares	10 December 2018	10,000,000	$0.03	300,000
Exercise of options	5 February 2019	600,000	$0.05	30,000
Issue of shares - in lieu of fees	12 March 2019	730,107	$0.03	21,903
Exercise of options	18 March 2019	149,774	$0.05	7,489
Exercise of options	22 March 2019	532,978	$0.05	26,649
Exercise of options	1 April 2019	30,000	$0.05	1,500
Issue of shares - for investments	5 April 2019	7,500,000	$0.10	750,000
Less cost of capital raisings		-	$0.00	(850,809)
Balance	30 June 2019	422,017,384		24,154,497

Ordinary shares
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.

Share buy-back
There is no current on-market share buy-back.

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 10. Equity - issued capital (continued)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2018.

Note 11. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2019	2018
	$	$
Franking credits available for subsequent financial years based on a tax rate of 25%	118,582	118,582

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 12. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis of price risks and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The consolidated entity is not exposed to any significant foreign currency risk.

Price risk
The consolidated entity is exposed to price risk in relation to its investments its available for sales assets to - fair value through profit or loss.

Note 12. Financial instruments (continued)

Consolidated - 2019	Average price increase % change	Effect on profit before tax	Effect on equity	Average price decrease % change	Effect on profit before tax	Effect on equity
Financial assets at fair value through profit and loss	20%	2,994,326	2,994,326	20%	(2,994,326)	(2,994,326)

Consolidated - 2018	Average price increase % change	Effect on profit before tax	Effect on equity	Average price decrease % change	Effect on profit before tax	Effect on equity
Financial assets at fair value through profit and loss`	20%	1,825,891	1,825,891	20%	(1,825,891)	(1,825,891)

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

Credit risk
The consolidated entity is not exposed to any significant credit rate risk.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	41,816	-	-	-	41,816
Total non-derivatives		41,816	-	-	-	41,816

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and otherpayables	-	349,427	-	-	-	349,427
Total non-derivatives		349,427	-	-	-	349,427

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 12. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 13. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed investments	-	-	860,722	860,722
Unlisted investments	-	-	14,110,911	14,110,911
Total assets	-	-	14,971,633	14,971,633

Consolidated - 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed investments	-	-	201,600	201,600
Unlisted investments	-	-	8,927,854	8,927,854
Total assets	-	-	9,129,454	9,129,454

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 3

Note 13. Fair value measurement (continued)

The fair value of an unlisted investment is determined by the use of an appropriate valuation technique to estimate what the transaction price would have been at balance date in an arm's length exchange between willing buyers and sellers.
The valuation techniques are:

- EBITDA multiple of the listed company, with reference to similar and comparable companies trading in its industry vertical. This valuation technique is used for comparison purposes only.
- Equity Value –cash flow forecasts provided by the unlisted company management, and discounted to Present Value (PV). This Enterprise Valuation of the company comprises its PV of its visible cash flows and of its terminal value,
  - The Equity Value to shareholders is derived by deducting any minority interests and debt from its Enterprise Value.
  - Assumptions applied in valuation:
    - Discount rate used – cost of equity to shareholders of the unlisted entity
    - Perpetual growth rate – economic growth rate (GDP) of the country where the operations of the unlisted company are based.
    - Risk and uncertainty factors– forecast cash flows provided by management are subject to a sensitivity analysis involving a range of pessimistic, base and optimistic scenarios.
      In addition to the discount rate used, a further discount for risk and uncertainty may be applied where deemed appropriate, after due consideration of the following risk factors:
      - Business model and its growth and profitability prospects
      - Depth of management expertise in implementing strategies and running operations
      - Quality of management accounts and forecasts provided
      - Macroeconomic and geopolitical influences
    - The sensitivities and assumptions are re-assessed at each reporting balance date.

Note 14. Key management personnel disclosures

Directors
The following persons were directors of Authorised Investment Fund Limited during the financial year:

Mr. B. Genser	Chairman – Executive
Mr. D.H.A. Craig	Managing Director – Executive,
Mr. Chris Baring-Gould	Director – Executive

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Ms. Cathy Lin	Company Secretary

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	**2018**
	$	**$**
Share-based payments	-	180,000

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Connect Audit, the auditor of the company:

	Consolidated	
	2019 $	2018 $
Audit services - Connect Audit (2018: Shepard Webster and O'Neil Audit Pty Ltd)		
Audit or review of the financial statements	15,300	22,360

Note 16. Contingent liabilities

There were no contingent liabilities outstanding against the Company at the end of the current or previous financial year.

Note 17. Commitments

The company has entered into a sub-lease agreement in relation to its office premises. Expected minimum lease commitment are as follow:

	Consolidated	
	2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	54,000	72,000
One to five years	-	54,000
	54,000	126,000

Note 18. Related party transactions

Parent entity
Authorised Investment Fund Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 20.

Associates
Interests in associates are set out in note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 14 and the remuneration report included in the directors' report.

Note 18. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2019 $	Consolidated 2018 $
Payment for goods and services:		
Payment for rent and management fees from other related party	306,000	43,200

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2019 $	Consolidated 2018 $
Current receivables:		
Current receivables from related party	242,689	-
Current payables:		
Current payable to related party	-	191,646

Loans to/from related parties
Mr Benjamin Genser is the director of Belgrave Environmental Sustainable Technologies Pty Ltd (BEST). BEST is also a shareholder of AIY. Professional services valued at $706,207 were provided by BEST to AIY. This balance was settled via the issue of shares through the Rights Issue in September 2018.

Mr David Craig is the director of Havard Nominees Pty Ltd, which provided professional services valued at $696,000 to AIY. This balance was settled via the issue of shares through the Rights Issue in September 2018.

Mr Chris Baring-Gould provided professional services value at $183,000 to AIY. This balance was settled via the issue of shares through the Rights Issue in September 2018.

Ms Cathy Lin is the director of Consolidated Accounting and Taxation Services Pty Ltd (CATS). CATS provided professional services value at $200,000 to AIY. This balance was settled via the issue of shares through the Rights Issue in September 2018.

Note 19. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Profit/(loss) after income tax	2,355,011	(531,411)
Total comprehensive income	2,355,011	(531,411)

Note 19. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	367,946	105,176
Total assets	15,379,179	9,234,630
Total current liabilities	41,816	349,427
Total liabilities	41,816	349,427
Equity		
Issued capital	24,154,497	20,057,348
Accumulated losses	(8,817,134)	(11,172,145)
Total equity	15,337,363	8,885,203

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 20. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Wine Development Pty Ltd	Australia	100.00%	100.00%
Yarra Valley Corporation Pty Ltd	Australia	100.00%	100.00%
Skypac International Pty Ltd	Australia	100.00%	100.00%

Note 21. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Pizzey Wiff Pty Ltd	Australia	30.00%	30.00%

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated 2019 $	Consolidated 2018 $
Profit/(loss) after income tax expense for the year	2,355,011	(531,411)
Adjustments for:		
Write off of investments	-	(232,962)
Net fair value loss/(gain) on other financial assets	(4,010,279)	580,000
Professional fee paid by share issued	1,090,235	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(115,485)	45,721
Increase in other operating assets	(39,600)	-
Increase/(decrease) in trade and other payables	(115,965)	231,650
Net cash from/(used in) operating activities	(836,083)	92,998

Note 24. Earnings per share

	Consolidated	
	2019	**2018**
	$	**$**
Profit/(loss) after income tax attributable to the owners of Authorised Investment Fund Limited	2,355,011	(531,411)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	378,452,777	234,858,819
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	75,783,300	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	454,236,077	234,858,819
	Cents	**Cents**
Basic earnings per share	0.62	(0.23)
Diluted earnings per share	0.52	(0.23)

Authorised Investment Fund Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Benjamin Genser
Chairman

30 September 2019

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Melbourne VIC 3000
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Independent Auditor's Report

To the Members of Authorised Investment Fund Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Authorised Investment Fund Limited (the "company") and its controlled entities (the "group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion the financial report of Authorised Investment Fund Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

Basis for opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	**How our audit addressed the key audit matter**
Fair Value of Investments	
We focus on the fair value of the investments as investments represents a significant asset of the company and that the fair valuation of these investments is significantly affected by management's judgement The investments are carried at a fair value of $14,971,633. The Company is a Pooled Development Fund with investments in companies involved in information technology, media, building products, solar technology and pharmaceutical industries. The Company invests in a portfolio of companies, both listed and unlisted. These investments have not yet progressed to a stage where they are able to generate stable and regular cash flows. As a result, the valuation of these investments is significantly affected by management judgement, estimates and assumptions.	We carried out the following work in accordance with the guidance set out in AASB 13 Fair Value Measurement: We reviewed the company's accounting policy on Investments and other financial assets. We reviewed a sample of the investments to ensure that they are measured at fair value through the profit or loss per the policy For listed investments, where there is an active market, agreed market prices used to value investments to prices in the stock exchanges. Where there is no active market, the valuation will be determined using various available valuation models similar to those used for unlisted investments. For unlisted investments, we obtained an understanding of the processes undertaken by management to determine the fair value of the investments. We assessed and challenged the management's valuation methodology, assumptions, the cash flow projections and the discount factor used. We evaluated and discussed with management factors such as current financial performance, future prospect for earnings, profitability and growth from signed contracts and potential projects. We have obtained sufficient appropriate audit evidence with regards the fair value of the investments. We also considered the appropriateness of the related disclosure in Notes 1, 2 and 7 to the financial statements.

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

Auditor's Responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the financial year ended 30 June 2019.

In our opinion the Remuneration Report of Authorised Investment Fund Limited for the financial year ended 30 June 2019, 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.

George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 30 September 2019

Authorised Investment Fund Limited
Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 27 September 2019

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	37	9,472
1,001 to 5,000	134	539,675
5,001 to 10,000	148	1,136,814
10,001 to 100,000	252	10,758,793
100,001 and over	180	409,572,631
	751	422,017,385
Holding less than a marketable parcel	382	2,585,566

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ASIAN INTEGRATED MEDIA PTY LTD	50,000,000	11.85
SIR JAMES PTY LTD	39,000,000	9.24
BWG INVESTMENTS PTY LTD	35,080,470	8.31
AENEA (AUST) PTY LTD	27,666,667	6.56
MR CHRIS BARING-GOULD + MS SUSAN KOAY (KOAY BARING-GOULD S/F A/C)	18,628,652	4.41
HARVARD NOMINEES PTY LTD	15,860,000	3.76
REGENT FINE WINES PTY LTD	14,770,196	3.50
MR BRENDAN SCOTT INNS	12,500,000	2.96
ENDLESS SOLAR CORPORATION LIMITED	11,732,014	2.78
BELGRAVE ENVIRONMENTAL SUSTAINABLE TECHNOLOGIES PTY LTD	10,381,156	2.46
NICHOLAS JOHN REID	10,000,000	2.37
TRUST ACCT (MS DAI LI CRAIG)	9,497,025	2.25
MR ROBERT GORDON	9,181,000	2.18
CITICORP NOMINEES PTY LIMITED	8,167,736	1.94
MR DAVID CRAIG	7,269,306	1.72
JURRAH INVESTMENTS PTY LTD (RM DAVIS FAMILY A/C)	6,728,601	1.59
CORPORATE WRITERS AUSTRALIA PTY LTD (RG SUPER FUND NO 1 A/C)	6,561,628	1.55
AUSTRALIAN TURNTABLE HOLDINGS LIMITED	6,100,000	1.45
JUST IMAGINE PTY LTD (JUST IMAGINE A/C)	6,000,000	1.42
HOLLICK BROS PTY LTD	3,900,000	0.92
	309,024,451	73.22

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ASIAN INTEGRATED MEDIA PTY LTD	50,000,000	11.85
SIR JAMES PTY LTD	39,000,000	9.24
BWG INVESTMENTS PTY LTD	35,080,470	8.31
AENEA (AUST) PTY LTD	27,666,667	6.56

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.