GRAFTON FRIENDLIES INVESTMENTS LIMITED
ABN 42 000 007 125

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Your directors present their report on the company for the financial year ended 30 June 2022.

Principal Activities

The principal activities of the company is that of an investment company.

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Timothy Phillip White	Chairman appointed 22 September 2021	Appointed 19 September 2018	Chartered Accountant 15 years
Julie Ann McCaughey	Director Company Secretary	Appointed 22 November 2017	Company Director
Neville James Gilbert	Director	Appointed 16 April 1997	Retired Farm Manager
Glynn Denis Bodimeade	Director	Appointed 20 October 2010	Retired Pharmacist
John Bede Gorrie	Director	Appointed 21 July 2004	Retired Businessman
Peter Terence Smyth	Director	Appointed 15 December 2010	Company Director
Natasha Joy Watkinson	Director	Appointed 16 June 2021	Property Manager

The following is a list of particulars of directors' interest in shares (either direct or indirect) of the Company:-

Neville James Gilbert	115	(Jointly Held)
John Bede Gorrie	200	(Jointly Held)
Glynn Denis Bodimeade	27	
Julie McCaughey	5	
Timothy Phillip White	5	
Peter Terence Smyth	200	(Jointly Held)
Natasha Joy Watkinson	5	

Tim White declared an interest in White & Associates Accountants, which has a contract with the company for accounting services.

Natasha Watkinson declared an interest as property manager of 60 Prince Street and 9/11 Prince Street, all transactions are completed at arms length.

There has been no other interests declared by the directors in a contract or proposed contract with the company.

Company Secretary

Julie McCaughey was appointed company secretary 21 February 2018. Prior to her appointment to the board Julie worked for a number of years as a pharmacy assistant.

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Neville James Gilbert	10	10
Glynn Denis Bodimeade	10	9
John Bede Gorrie	10	9
Timothy Phillip White	10	8
Natasha Joy Watkinson	10	6
Peter Terence Smyth	10	8
Julie Ann McCaughey	10	10

Operating Results

The profit of the company for the 2022 financial year, after providing for income tax, amounted to $87,525 (2021: $98,291). Total comprehensive gain for the financial year was $4,906 (2021 gain: $185,835).

Dividends Paid or Recommended

The following dividends were paid or recommended for payment:

A dividend of $10 (2021: $10) per share amounting to $40,590 (2021: $40,590) was paid during the year as recommended in last year's report.

A dividend of $10 per share is recommended for payment out of the profits for the year ended 30 June 2022.

Review of Operations

The results of the operations of the company during the financial year are summarised as follows:

Financial Performance	2022 $	2021 $
Revenue	149,325	108,775
Interest revenue calculated using the effective interest method	506	811
Other income	89,884	134,639
Expenses	(124,620)	(109,912)
Operating profit before income tax expense	115,095	134,313
Income tax expense	(27,570)	(36,022)
Profit from operations	87,525	98,291

The other income of the company includes Insurance recoveries of $630 and Profit on the sale of shares of $43,382. Revenue and other income is disaggregated in notes 2 and 3 of the financial statements respectively.

Financial Position

The net equity of the company has decreased by $35,684 from $2,806,811 as at 30 June 2021 to $2,771,127 as at 30 June 2022.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company during the financial year.

Events after the Reporting Period

The impact of the Coronavirus (COVID19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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

Shares Under Option

There were no unissued ordinary shares of Grafton Friendlies Investments Ltd under option at the date of this report.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental Issues

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

Emoluments or Entitlements of Directors

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or a related body corporate with the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full time employee of the company, controlled entity or related body corporate.

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure directors and officers 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 or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditors' Independence Declaration

As required under section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration for the year ended 30 June 2022 has been received and can be found attached to this report.

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

Timothy Phillip White	Julie Ann McCaughey
Chairman	Director / Company Secretary

Dated: 27 September 2022

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AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF GRAFTON FRIENDLIES INVESTMENTS LIMITED

ABN 42 000 007 125

I declare that, to the best of my knowledge and belief, during the financial year to 30 June 2022 there has been:

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

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

CROWE CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Partner
Registered Company Auditor (ASIC RAN 483424)
105 Prince Street
GRAFTON NSW 2460

Dated: 27 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	**2022** **$**	2021 $
Revenue	2	**149,325**	108,775
Interest revenue calculated using the effective interest method	2	**506**	811
Other income	3	**89,884**	134,639
Administration expenses		**(45,759)**	(38,034)
Depreciation and amortisation	4	**(27,828)**	(28,478)
Investment expenses		**(51,033)**	(43,400)
Profit before income tax expense		**115,095**	134,313
Income tax expense	1(b); 5(a)	**(27,570)**	(36,022)
Profit after income tax expense attributable to the members		**87,525**	98,291
Other comprehensive income			
Profit/(Loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		**(82,619)**	87,544
Other comprehensive income for the year, net of tax		**(82,619)**	87,544
Total comprehensive income for the year attributable to the members		**4,906**	185,835

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**192,634**	130,496
Other current assets	8	**17,789**	11,344
Financial assets	9	**1,173,655**	1,260,644
TOTAL CURRENT ASSETS		**1,384,078**	1,402,484
NON CURRENT ASSETS			
Financial assets	9	**97,302**	126,206
Property, plant and equipment	10	**2,208**	2,368
Investment property	11	**1,282,375**	1,310,043
Deferred tax assets	13(b)	**62,453**	61,511
TOTAL NON CURRENT ASSETS		**1,444,338**	1,500,128
TOTAL ASSETS		**2,828,416**	2,902,612
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**8,877**	12,158
Current tax liabilities	13(a)	**14,394**	18,214
TOTAL CURRENT LIABILITIES		**23,271**	30,372
NON CURRENT LIABILITIES			
Deferred tax liabilities	13(a)	**34,018**	65,429
TOTAL NON CURRENT LIABILITIES		**34,018**	65,429
TOTAL LIABILITIES		**57,289**	95,801
NET ASSETS		**2,771,127**	2,806,811
EQUITY			
Contributed equity	14	**2,047**	2,047
Reserves	15	**942,551**	1,017,346
Retained earnings		**1,826,529**	1,787,418
TOTAL EQUITY		**2,771,127**	2,806,811

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Contributed Equity $	Reserves $	Retained earnings $	Total $
Balance at 01 July 2020		2,047	929,802	1,729,717	2,661,566
Profit after income tax expense attributable to the members		-	-	98,291	98,291
Other comprehensive income		-	125,634	-	125,634
Deferred tax adjustment	13	-	(38,090)	-	(38,090)
Transactions with owners:					
Dividends paid or declared	6	-	-	(40,590)	(40,590)
Balance at 30 June 2021		2,047	1,017,346	1,787,418	2,806,811
Profit after income tax expense attributable to the members		-	-	87,525	87,525
Transfers			7,824	(7,824)	-
Other comprehensive income		-	(114,972)	-	(114,972)
Deferred tax adjustment	13	-	32,353	-	32,353
Transactions with owners:					
Dividends paid or declared	6	-	-	(40,590)	(40,590)
Balance at 30 June 2022		2,047	942,551	1,826,529	2,771,127
		14 (a)	15		

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	**2022 $**	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**206,881**	159,741
Payments to suppliers and employees		**(117,568)**	(89,175)
Interest received		**506**	811
Income tax paid	1(b)	**(63,743)**	18,575
Net cash provided by operating activities	16 (b)	**26,076**	89,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		**(478,277)**	(601,117)
Proceeds from investments		**554,929**	594,086
Net cash provided by/(used in) investing activities		**76,652**	(7,031)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(40,590)**	(40,590)
Net cash used in financing activities		**(40,590)**	(40,590)
Net increase in cash held		**62,138**	42,331
Cash at the beginning of the financial year		**130,496**	88,165
Cash at the end of the financial year	16 (a)	**192,634**	130,496

The accompanying notes form part of these financial statements.

The financial report covers the Grafton Friendlies Investments Limited as an individual entity. Grafton Friendlies Investments Limited is a public company limited by shares, incorporated and domiciled in Australia.

The financial reports were authorised for issue by the directors on 27 September 2022.

Note 1: Statement of Significant Accounting Policies

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 have been prepared under the historical cost convention, except for, where applicable the revaluation of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss.

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 accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 1(k).

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.

(a) Revenue

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties are recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Dividend income

Dividend revenue is recognised when the right to received a divided has been established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) 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 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 exchange 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 normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled with 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.

(d) Cash and Cash Equivalents

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

(e) Investments and Other Financial Assets

Investments and other financial assets, other than investments in associates, 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 company 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.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

The company 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 company'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 mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset’s carrying value with a corresponding expense through profit or loss.

(f) Impairment of Non-Financial Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

(g) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. The company has elected to measure investment properties at cost subsequent to acquisition.

Investment properties are depreciated on a straight line basis with an expected useful life of 40 years.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Lessor Accounting

As a lessor, the company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

(i) Impairment of Assets

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

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

Impairment testing is performed annually for intangible assets with indefinite lives.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(k) 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.

Impairment of loans and receivables

The company assesses loans and receivables annually to determine whether there are indicators present that the loan or receivable may be impaired. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors had previously identified an impairment on the loan receivable to Grafton Friendlies Chemist Limited as a result of the financial performance of that company, which has been largely impacted by changes to the government dispensing rebates.

Lease Term - maturity analysis

Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the maturity analysis. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	2022 $	2021 $
Note 2: Revenue		
Revenue from contracts with customers:		
Share transfer handling fee	**75**	-
Total revenue from contracts with customers	**75**	-
Other revenue:		
Rent received from investment property	**149,250**	108,775
Total other revenue	**149,250**	108,775
Total revenue	**149,325**	108,775
Interest calculated using the effective interest rate method:		
financial institutions	**89**	140
other companies	**417**	671
	506	811
Disaggregation of revenue		
Timing of revenue recognition		
Goods transferred at a point in time	**75**	-
Service transferred over time	**-**	-
	75	-
Note 3: Other Income		
Dividends received	**45,872**	28,926
Government stimulus	**-**	10,000
Insurance recoveries	**630**	1,346
Profit on sale of share	**43,382**	94,367
Total other income	**89,884**	134,639
Note 4: Expenses		
Profit before income tax includes the following specific expenses:		
Depreciation:		
- Plant & equipment	**160**	177
- Investment properties	**27,668**	28,301
Direct operating expenses arising from investment properties that generated rental income in the period:		
- Insurance	**12,062**	12,243
- Management fees	**2,719**	1,295
- Rates	**10,805**	10,193
- Repairs and maintenance	**6,647**	11,693
- Sundry expenses	**52**	48

	2022 $	2021 $
Note 5: Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	**28,577**	35,439
Deferred tax - origination and reversal of temporary differences	**(1,007)**	583
	27,570	36,022
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (Note 13)	**210**	1,387
Increase in deferred tax liabilities (Note 13)	**(1,217)**	(804)
	(1,007)	583
(b) The prima facie tax on profit from ordinary activities before income tax expense is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30.0% (2021: 30.0%)	**34,529**	40,294
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of buildings	**124**	128
Entertainment expenses	**159**	159
Tax effect of other temporary differences	**(1,007)**	583
Other minor differences	**(6,235)**	(2,142)
Adjustment recognised for prior periods	**-**	(3,000)
Income tax expense	**27,570**	36,022
Amounts charged/(credited) directly to equity		
Deferred tax liabilities (Note 13)	**32,628**	(37,690)
	32,628	(37,690)

Note 6: Dividends

	2022 $	2021 $
Dividends paid or declared		
Fully Franked Dividend of $10 per share (2021: $10 per share)	**40,590**	40,590
Balance of Franking account at year end	**685,107**	719,794

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 7: Cash and Cash Equivalents

	2022 $	2021 $
Cash at bank	**192,634**	130,496
	192,634	130,496

		2022 $	2021 $
Note 8: Other Assets			
CURRENT			
Accrued income		**6,160**	2,292
Prepayments		**11,629**	9,052
		17,789	11,344
Note 9: Financial assets			
CURRENT			
(a) Financial assets at fair value through other comprehensive income			
- shares in listed corporations, at fair value		**922,344**	1,001,559
- units in real estate investment trust		**94,049**	100,425
- investment notes		**51,075**	52,500
- cash ETF's		**67,649**	67,622
		1,135,117	1,222,106
(b) Financial assets at amortised cost (current)			
Financial assets at amortised cost include the following debt investments			
Other loans and receivables	(i)	**38,538**	38,538
		38,538	38,538
Current financial assets		**1,173,655**	1,260,644
(c) Financial assets at amortised cost (non-current)			
Other loans and receivables		**295,455**	324,359
Less: Provision for impairment	(i)	**(198,153)**	(198,153)
Non-current financial assets		**97,302**	126,206

(i) Other loans and receivables

Loans to other entities comprise a loan to Grafton Friendlies Chemist Limited. The loan agreement provides for interest and principal repayments over a term of 20 years. This loan is subject to annual impairment testing. The directors adjust the loan receivable balance to the estimated net realisable assets value of the borrower at each reporting date. The next impairment test will be undertaken on 30 June 2023.

	2022 $	2021 $
Note 10: Property, Plant & Equipment		
Plant and Equipment (at cost)		
Plant and equipment	**56,578**	56,578
Less: Accumulated depreciation	**(54,370)**	(54,210)
Total Property, Plant and Equipment	**2,208**	2,368
(a) Movements in Carrying Amounts		
Balance at the beginning of the year	**2,368**	2,545
Additions	**-**	-
Disposals	**-**	-
Depreciation expense	**(160)**	(177)
Carrying amount at the end of the year	**2,208**	2,368

(b) No impairment has been recognised in respect of plant & equipment.

	2022 $	2021 $
Note 11: Investment property		
Investment property (at cost)	**1,481,325**	1,481,325
Capital improvements	**117,522**	117,522
Less: Accumulated depreciation	**(316,472)**	(288,804)
Total Land and Buildings	**1,282,375**	1,310,043
(a) Movements in carrying amounts		
Balance at the beginning of the year	**1,310,043**	1,338,344
Additions	**-**	-
Disposals	**-**	-
Depreciation expense	**(27,668)**	(28,301)
Carrying amount at the end of the year	**1,282,375**	1,310,043

(b) Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. The company has elected to measure investment properties at cost subsequent to acquisition.

	2022 $	2021 $

(c) Operating Leases

Investment properties are either leased to third parties on operating leases or are vacant. Rental income of $149,250 (2021: $108,775) is shown within revenue.

Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and-tear during the lease term.

Future minimum lease rentals are as follows:

	2022 $	2021 $
Within 1 year	**57,938**	70,068
1 - 2 years	**57,938**	44,619
2 - 3 years	**49,732**	44,619
3 - 4 years	**-**	40,901
4 - 5 years	**-**	-
More than 5 years	**-**	-
Total	**165,609**	200,207

Note 12: Trade and other payables

CURRENT

	2022 $	2021 $
Other creditors	**8,877**	12,158
	8,877	12,158

	Note	2022 $	2021 $
Note 13: Tax assets and liabilities			
(a) Liabilities			
CURRENT			
Income tax		**14,394**	18,214
NON-CURRENT			
Deferred tax liability comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Prepayments		**5,337**	3,403
		5,337	3,403
Amounts recognised in equity:			
Revaluation of financial assets at fair value through other comprehensive income		**28,681**	62,026
		28,681	62,026
		34,018	65,429
Movements:			
Opening balance		**65,429**	26,864
Charged to profit or loss (Note 5)		**1,217**	875
Charged to equity (Note 5)		**(32,628)**	37,690
Closing balance		**34,018**	65,429
Deferred tax liability		**34,018**	65,429
(b) Assets			
NON-CURRENT			
Deferred tax asset comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Allowances for expected credit losses		**59,446**	59,446
Property plant and equipment		**367**	(455)
Accrued expenses		**2,640**	2,520
		62,453	61,511
Movements:			
Opening balance		**61,511**	61,037
Credited to profit or loss (Note 5)		**942**	474
Credited to equity (Note 5)		**-**	-
Closing balance		**62,453**	61,511

	2022 $	2021 $
Note 14: Issued capital		
(a) Ordinary shares		
4,094 Shares issued at 50c fully paid	**2,047**	2,047

No additional shares were issued during the year.

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

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

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.

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 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 2021 Annual Report.

Note 15: Reserves

	Fair Value though other Comprehensive Income Reserve $	Capital Profits Reserve $	Total $
Balance at 1 July 2020	49,899	879,903	929,802
Revaluation - gross	125,634	-	125,634
Deferred tax	(38,090)	-	(38,090)
Balance at 30 June 2021	137,443	879,903	1,017,346
Transfer from reserves	7,824	-	7,824
Revaluation - gross	(114,972)	-	(114,972)
Deferred tax	32,353	-	32,353
Balance as at 30 June 2022	62,648	879,903	942,551

(a) Fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the financial assets that are measured through other comprehensive income.

(b) Capital profits reserve

The capital profits reserve records the non-taxable profits resulting from the sale of assets and investments. The distribution of this reserve to shareholders on winding up may be tax free subject to the prevailing taxation legislation at the time that the company is wound up.

	2022 $	2021 $

Note 16: Cash flow information

(a) Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the items in the statement of financial position as follows:

	2022 $	2021 $
Cash and cash equivalents	**192,634**	130,496
	192,634	130,496

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax:

	2022 $	2021 $
Profit after income tax expense	**87,525**	98,291
Non cash flows in profit after income tax expense:		
Depreciation	**27,828**	28,478
Net loss/(profit) on sale of shares	**(43,382)**	(94,367)
Changes in assets and liabilities:		
Decrease/(increase) in accrued income	**(3,864)**	(180)
Decrease/(increase) in prepayments	**(2,577)**	(1,072)
Decrease/(increase) in trade and other payables	**(3,281)**	4,205
Decrease/(increase) in income taxes payable	**(3,820)**	16,506
Decrease/(increase) in deferred taxes payable	**(32,353)**	38,091
Cash flows from operations	**26,076**	89,952

(c) Credit Standby Arrangements

The company does not currently have a bank overdraft facility.

Note 17: Capital Commitments, Contingent Assets and Contingent Liabilities

As at 30 June 2022 and 2021, the company did not have any capital commitments, contingent assets or contingent liabilities.

Note 18: Events after the Reporting Period

The impact of the Coronavirus (COVID19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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

Note 19: Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by Crowe Central North, the auditor of the

	2022 $	2021 $
Audit of the financial statements	**6,300**	5,900
Other allowable services	**2,500**	2,500
	8,800	8,400

	2022 $	2021 $

Note 20: Related Party Transactions

Other Related Parties

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

Transactions with related parties were:

	2022 $	2021 $
Directors emoluments and honorariums	**24,650**	15,600

The directors of the company also form the Key Management Personnel, making all of the operating, investing and strategic decisions of the company.

Note 21: Financial Instruments

(a) Financial Risk Management

The company's investment activities expose it to a variety or risks (interest rate risk, credit risk and price risk). The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable in order to reduce the level of risks in relation to these investments.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company provides a limited number of loans and has a policy in place to oversee the provision of loans.

(c) Price Risk

Price risk refers to the possible decline in the value of a security or share. The company has a diverse base of investments and purchases only strong performing securities to limit the impact of fluctuations in price.

(d) Interest Rate Risk

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

	Weighted average effective interest rate		Floating interest rate		Fixed Interest Rate Maturing Within 1 year	
	2022	2021	**2022 $**	2021 $	**2022 $**	2021 $
Financial assets:						
Cash and cash equivalents	**0.09%**	**0.04%**	**192,634**	130,496	**-**	-
Trade and other receivables	**0.00%**	**0.00%**	**-**	-	**-**	-
Shares in listed corporations, at fair value	**0.00%**	**0.00%**	**-**	-	**-**	-
Units in real estate investment trust	**0.00%**	**0.00%**	**-**	-	**-**	-
Investment notes	**3.70%**	**3.70%**	**51,075**	52,500	**-**	-
Cash ETF's	**5.39%**	**1.01%**	**67,649**	67,622	**-**	-
Loans to other entities	**0.10%**	**0.10%**	**135,840**	164,744	**-**	-
Total			**447,198**	415,362	**-**	-
Financial liabilities:						
Trade and other payables	**0.00%**	0.00%	**-**	-	**-**	-
Bank loan	**0.00%**	0.00%	**-**	-	**-**	-
Total			**-**	-	**-**	-

	Weighted average effective interest rate		Non interest bearing		Total	
	2022	2021	**2022 $**	2021 $	**2022 $**	2021 $
Financial assets:						
Cash and cash equivalents	**0.09%**	0.04%	**-**	-	**192,634**	130,496
Trade and other receivables	**0.00%**	0.00%	**-**	-	**-**	-
Shares in listed corporations, at fair value	**0.00%**	0.00%	**922,344**	1,001,559	**922,344**	1,001,559
Units in real estate investment trust	**0.00%**	0.00%	**94,049**	100,425	**94,049**	100,425
Investment notes	**3.70%**	3.70%	**-**	-	**51,075**	52,500
Cash ETF's	**5.39%**	1.01%	**-**	-	**67,649**	67,622
Loans to other entities	**0.10%**	0.10%	**-**	-	**135,840**	164,744
Total			**1,016,393**	1,101,984	**1,463,591**	1,517,346
Financial liabilities:						
Trade and other payables	**0.00%**	0.00%	**8,877**	12,158	**8,877**	12,158
Bank loan	**0.00%**	0.00%	**-**	-	**-**	-
Total			**8,877**	12,158	**8,877**	12,158

(e) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Listed investments have been valued at the quoted market bid price at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. For other assets and other liabilities the net fair value approximates their carrying value.

(f) Fair Value Hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarch, 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 company 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.

	Level 1	Level 2	Level 3	Total
2022				
- shares in listed corporations, at fair value	**922,344**	**-**	**-**	**922,344**
- units in real estate investment trust	**94,049**	**-**	**-**	**94,049**
- investment notes	**51,075**	**-**	**-**	**51,075**
- cash ETF's	**67,649**	**-**	**-**	**67,649**
	1,135,117	**-**	**-**	**1,135,117**
2021				
- shares in listed corporations, at fair value	1,001,559	-	-	1,001,559
- units in real estate investment trust	100,425	-	-	100,425
- investment notes	52,500	-	-	52,500
- cash ETF's	67,622	-	-	67,622
	1,222,106	-	-	1,222,106

Note 22: Company Details

The company is incorporated and domiciled in Australia as a company limited by shares.

The registered office and principal place of business is:

Grafton Friendlies Investments Limited
18 Prince Street
Grafton NSW 2460

GRAFTON FRIENDLIES INVESTMENTS LIMITED
ABN 42 000 007 125

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

In accordance with a resolution of the directors of Grafton Friendlies Investments Limited, the directors of the company declare that:

1. the financial statements and notes, as set out in pages 5 to 24, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with the International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.

2. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Timothy Phillip White
Chairman

Julie Ann McCaughey
Director / Company Secretary

Dated: 27 September 2022

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
GRAFTON FRIENDLIES INVESTMENTS LIMITED

ABN 42 000 007 125

Opinion

We have audited the accompanying financial report of Grafton Friendlies Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Grafton Friendlies Investments Limited, is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2022 and of their performance for the year ended on that date; and
(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
GRAFTON FRIENDLIES INVESTMENTS LIMITED

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Other Information

The directors are responsible for the other information. The other information comprises the Directors Report included in the Company's annual report for the year ended 30 June 2022 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 Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
GRAFTON FRIENDLIES INVESTMENTS LIMITED

ABN 42 000 007 125

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

CROWE CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Partner
Registered Company Auditor (ASIC RAN 483424)
105 Prince Street
GRAFTON NSW 2460

Dated: 28 September 2022

Crowe Central North
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DISCLAIMER
TO THE MEMBERS OF
GRAFTON FRIENDLIES INVESTMENTS LIMITED

ABN 42 000 007 125

The additional financial data presented on page 29 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the financial year ended 30 June 2022. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Grafton Friendlies Investments Limited) in respect of such data, including any errors of omissions therein however caused.

CROWE CENTRAL NORTH

Kylie Ellis

Kylie Ellis
Partner
Registered Company Auditor (ASIC RAN 483424)
105 Prince Street
GRAFTON NSW 2460

Dated: 28 September 2022