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**Alliant Perpetual
and Subsidiaries**

**Consolidated Financial Statements
for the year ended 31 January 2020**

Alliant Perpetual and Subsidiaries

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**Alliant Perpetual and Subsidiaries
Directors' Report
For the year ended 31 January 2020**

S95 of the Building Society Act 1965 (NZ) requires Directors to attach a report to the Financial Statements. (Section 95: replaced, on 1 April 2014, by section 7 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102)).

The Directors are pleased to present the financial statements of Alliant Perpetual and Subsidiaries for the year ended 31 January 2020.

INCORPORATION: Alliant Perpetual (the "Society") was incorporated on 28 April 2008, pursuant to the Building Society Act 1965 (NZ).

ACTIVITIES: The main activities of the Society were the provision of investment management and associated services for members and non-members.

RESULTS: As per the financial statement, the result for the period was a profit of \$156,981 (2018: \$139,406).

DIVIDENDS: The Society has chosen not to declare or pay any dividends in this period.

CAPITAL: As per the financial statements, the Society's issued capital is \$79,339 with net assets of \$380,064.

OFFICES: The Society maintains two offices:
(1) Registered Office: Level 3, 18 London Street, Hamilton, New Zealand. Records are held at this address.
(2) Australian Office: Level 18 Waterfront Place, 1 Eagle Street, Brisbane, Australia.

EXECUTIVE: Mr Clive P. Kay – CEO
Mr Ross J. McKinnon – Director

AUDITOR: IRCS Limited

SIGNIFICANT EVENTS:

The facts in this report relate to investment and operational matters of the Society and its subsidiaries. The tragic human element to the COVID-19 pandemic is immeasurable.

On January 30, 2020, the World Health Organisation declared the corona virus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Society's operations, suppliers or other vendors, and customers. The operations of the Society could be negatively impacted by the regional and global outbreak of COVID-19, including reduced operations for an unknown period of time and may impact the Society's financial position and operating results, however the magnitude will be determined by the duration of COVID-19. The group will monitor the ongoing developments and be proactive in mitigating the impact on its operations. Notwithstanding, the group expects there may be an impact as a result of these events into the new year, however the magnitude will be determined by the duration of COVID-19.

Despite these conditions, the Society's investments remain well capitalised given their current activities and access to government stimulus packages for qualifying investee companies are being sought, where applicable. Whilst this crisis poses a liquidity risk among the portfolio, it is the intention of the fund manager to only divest portfolio companies where the market or transactional value meets or exceeds their intrinsic value.

**Alliant Perpetual and Subsidiaries
Directors' Report
For the year ended 31 January 2020**

SIGNIFICANT EVENTS (CONTINUED):

The Groups investments could incur a permanent loss of capital in the event of bank defaults, which could trigger a deeper and more substantial financial and economic crisis. This would in turn impact the broader macro-economic environment and reduce investor sentiment and interest when divesting the funds' assets. We consider bank defaults highly unlikely. The global banking system was more robust going into this crisis than in the GFC, with substantial capital buffers. Most importantly, the RBNZ and RBA consistently reassures the public that their respective domestic banks have unlimited access to liquidity.

We've reviewed our conservative approach to liquidity against this backdrop. The Society has no material/direct exposure to significantly impacted industries like hospitality, tourism and airlines. The majority of the portfolio companies are in industries that have had renewed investment interest as a direct result of COVID-19, namely Software-as-a-Service (SaaS) in online health care management, cleaning & hygiene management, agricultural technology and financial technology.

In our view, three things need to have happened before we see a genuine and sustained recovery:

- Central banks reassuring the market that there's ample liquidity so that credit can keep flowing to solvent companies
- Governments cushioning the collapse in demand by announcing massive fiscal programs
- Passing the point of peak infections in Europe and the USA

The first two things have already happened, and if this was purely a financial crisis we could already have been on the road to recovery. However, the added fear for life itself makes this crisis so different—hence the third condition. While it appears that peak infections are behind us in Australia and New Zealand, developments in the USA and Europe will ultimately determine the course of the global economy and financial markets.

Markets can turn very quickly and we believe they will definitely turn before we see a turn in the economy. The economic consensus is currently a sharp recovery in the last quarter of this year. Given the above expected timing of a recovery the Society's investments are minimally impacted at this stage and further the Society is not required or under pressure to divest assets in the current market conditions.

On 29th April 2020, Clive Kay as a Director and member has invested A\$50,000 into Alliant Perpetual by way of a Convertible Note. The convertible note is an instrument containing a future right to Shares, similar in form and content to a deed, purchased for the purpose of funding the acceleration of Society's capital raising activities. The convertible note terms provide the right to convert the invested amount into ordinary shares at a valuation cap of A\$25m with a zero percent discount rate. Alternatively the invested amount can be repaid with interest at 10% per annum.

Other than the above 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 years.

The Directors report that; the attached Statement of Financial Position is a true, fair and accurate report of the Society as per the International Financial Reporting Standards (NZ IFRS) and Generally Accepted Accounting Principles (GAAP) in New Zealand.

For and on behalf of the Board of Directors:



Mr Clive P. Kay
Dated: 15 June 2020



Mr. Ross J McKinnon
Dated: 15 June 2020

Alliant Perpetual and Subsidiaries
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2020

	Notes	Group 2020 \$	2019 \$
Revenue			
Interest Received		4,635	2,144
Interest Income		376,042	291,631
Investment Guarantee Fee	2	254,265	137,982
Expenditure			
Foreign Currency Losses		2,201	(3,028)
Bank Revaluations		(11,974)	(9,610)
Rent Expense	11	(63,302)	(65,677)
Administration Expenses		(217,414)	(179,707)
Audit Fees	7	(64,449)	(62,200)
Capital Raising Expenses		(29,462)	-
Impairment of Financial Assets		(160,512)	-
Profit before income tax		90,030	111,535
Income Tax Benefit	8	66,951	27,871
Profit for the year		156,981	139,406
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation		(1,094)	(50)
Total comprehensive profit for the year		155,887	139,356

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

Alliant Perpetual and Subsidiaries
Statement of Financial Position
As at 31 January 2020

	Notes	Group 2020 \$	2019 \$
Current Assets			
Cash and Cash Equivalents	14	1,144,552	2,039,402
Receivables	3	56,845	37,801
Current Tax Asset		-	981
Total Current Assets		1,201,397	2,078,184
Non-Current Assets			
Financial Assets	4	11,449,910	9,112,387
Deferred Tax Asset	5	98,804	29,890
Total Non-Current Assets		11,548,714	9,142,277
Total Assets		12,750,111	11,220,461
Current Liabilities			
Payables			
Contract Liability	15	141,443	222,811
Sundry Payable and Accrued Expenses		50,538	90,000
Accounts Payable		111,840	-
Current tax liability		1,963	-
Total Current Liabilities		305,784	312,811
Non-Current Liabilities			
Client Term Deposits	4, 16	12,064,263	10,684,601
Total Non-Current Liabilities		12,064,263	10,684,601
Total Liabilities		12,370,047	10,997,412
Net Assets		380,064	223,049
Equity			
Issued Capital	6	79,339	78,211
Retained Earnings		301,869	144,888
Reserves		(1,144)	(50)
Total Equity		380,064	223,049



Mr. Clive P. Kay - Director
Date: 15 June 2020



Mr. Ross J. McKinnon - Director
Date: 15 June 2020

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

**Alliant Perpetual and Subsidiaries
Statement of Changes in Equity
for the year ended 31 January 2020**

Group	Notes	Issued Capital \$	Retained Earnings / (Accumulated Losses) \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 February 2018		78,211	5,482	-	83,693
Profit for the year		-	139,406	-	139,406
Other comprehensive income		-	-	(50)	(50)
Total comprehensive profit for the year		-	139,406	(50)	139,356
Balance at 31 January 2019		78,211	144,888	(50)	223,049
Profit for the year		-	156,981	-	156,981
Other comprehensive income		-	-	(1,094)	(1,094)
Total comprehensive profit for the year		-	156,981	(1,094)	155,887
Transactions with owners					
Shares issued		1,128	-	-	1,128
Balance at 31 January 2020		79,339	301,869	(1,144)	380,064

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

Alliant Perpetual and Subsidiaries
Statement of Cash Flows
For the year ended 31 January 2020

	Notes	Group 2020 \$	2019 \$
Operating Activities			
Interest received		-	-
Client contract receipts		120,632	407,389
Payments to Suppliers, employees and tax		(70,196)	(102,522)
Net cash provided by operating activities		<u>50,436</u>	<u>304,867</u>
Investing Activities			
Purchases of investments		(2,330,177)	(5,664,086)
Net cash used in investing activities		<u>(2,330,177)</u>	<u>(5,664,086)</u>
Financing Activities			
Funds received from clients		1,379,662	7,234,830
Net cash provided by financing activities	18	<u>1,379,662</u>	<u>7,234,830</u>
Net increase in cash held		(900,079)	1,875,611
Cash and cash equivalents at beginning of year		2,039,402	160,519
Effect of exchange rate change		5,229	3,272
Cash and cash equivalents at end of year	14	<u>1,144,552</u>	<u>2,039,402</u>

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

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2020

1. Statement of Accounting Policies

Reporting Entity

The consolidated financial Statements presented are those of Alliant Perpetual (the "Parent") and subsidiaries (collectively the Group consists of the Alliant Perpetual (the "Parent") and its wholly owned subsidiaries (Alliant Perpetual (AU) Pty Ltd domiciled in Australia and Alliant Perpetual (HK) Limited domiciled in Hong Kong).

The Group's primary activities are, investment management, trade finance and loans to wholesale / sophisticated investors. The Group is domiciled in New Zealand and currently operates primarily in Australia.

The financial statements have been prepared in accordance with the Building Societies Act 1965, the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The Society is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 ("The FMCA").

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ((NZ) GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. They comply with International Financial Reporting Standards.

These financial statements are prepared in New Zealand dollars (NZD) rounded to the nearest dollar.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by New Zealand IFRS 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.

Where applicable, comparative information has been reclassified to ensure consistency with the current period's presentation.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for the debt and financial assets measured at fair value.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Assets and liabilities

The determination of fair values of assets and liabilities are based on observable data as far as possible except for the investments in early venture capital investments for which there is no observable comparable market. These have been recorded at cost less assessed impairment losses. Management are of the view that this approximates the fair value of the assets. There is no observable market data for these investments.

Basis of Consolidation

Subsidiaries are entities controlled by another Group entity. Control exists when one entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The purchase method of accounting is used in the preparation of these financial statements. The effects of intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

Accounting Estimates, Judgements and Assumptions

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

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2020

1. Statement of Accounting Policies (continued)

Accounting Estimates, Judgements and Assumptions (continued)

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Directors have considered the appropriateness of the following critical judgements and estimates:

- Impairment testing of investments

All loans are assessed on a loan-by-loan basis and if any loan is identified as being uncollectible (whether in part or in full) the carrying amount is adjusted with the uncollectible portion written off. Refer also impairment of financial assets policy note.

Significant Accounting Policies

The following accounting policies have been applied by all Group entities consistently in all periods presented in these financial statements.

Revenue and Expense Recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: 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 initially recognised as deferred revenue in the form of a separate refund liability.

Interest income and expense are recognised as they are realised. The application of this method has the effect of recognising income and expenses for the financial asset or liability. Investment guarantee fee revenue is recognised when the entitlement passes under contractual arrangement.

Expenses are recognised on an accrual basis.

Impairment of Non-Financial Assets

The group has no investments in land or buildings.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets.

Provisions

A provision is recognised if, as a result of a past event, there is a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2020

1. Statement of Accounting Policies (continued)

Impairment of Financial Assets

At each reporting date the Group assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be reliably estimated. Evidence of impairment is considered at a specific asset level.

Loans are regularly reviewed for impairment. Credit impairment provisions are raised for loans that are known to be impaired.

Loans are impaired if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and that loss event(s) has had a reliably measurable impact on the estimated future cash flows of the individual loan or the loans portfolio.

Equity

Financial assets are impaired where the fair value of the investment can be reliably measured and the carrying amount of the investment exceeds its fair value.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised inclusive of GST. As of 27th April 2016, the Commissioner of Inland Revenue considers that the Society does not have a taxable activity in accordance Section 6(1) of the Goods and Services Tax Act 1985, and accordingly is not entitled to be registered for GST and not allowed to file GST returns.

Income Tax Expense

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

Current tax is the expected tax payable on the taxable income for the year, using applicable tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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

Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification is based on our business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2020

1. Statement of Accounting Policies (continued)

Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Alliant Perpetual and Subsidiaries

Notes to the Financial Statements

for the year ended 31 January 2020

1. Statement of Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, floats and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to settle immediately or in the near term. Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, less any impairment loss.

Restructured loans are those that have been restructured due to degeneration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Contractual changes, including loan extensions that arise in the normal course of business are not considered to give rise to restructured loans.

Deposits

Deposits are funds received from customers for investment.

Deposits and Redeemable shares are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Contract Liabilities

Contract liabilities represent the Society's obligation to satisfy its performance obligations to a customer when a customer pays consideration, or when the Society recognises a receivable to reflect its unconditional right to consideration (*whichever is earlier*) before the Society has transferred the obligation to the customer.

Statement of Cash Flows

The Statement of Cash flows has been presented using the direct approach modified by the netting of certain items.

Cash flows in respect of bank deposits and debt that have been rolled-over under arranged banking facilities have been netted in order to provide meaningful disclosures.

Cash flows for deposits are net cash flows in order to provide more meaningful disclosure, as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Group.

Fair value measurement of financial instruments

The fair value of private equity investment funds in Estrala is provided by the investment manager at balance sheet date. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Depending on the nature of the underlying instruments, the investment manager may use observable market prices, their own models or they may engage independent valuers who use models to obtain the fair value of investments. The investment manager has engaged Cook Capital to value the underlying investments in Estrala.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions related to these factors could affect the reported fair value of financial instruments.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

2. Revenue

	Group	
	2020	2019
	\$	\$
<i>Revenue from contracts with customers</i>		
Investment Guarantee Fee (i)	254,265	137,982

(i) Client Principal Investments totalling \$10,614,408 are guaranteed. The guarantee attracts a 5% fee per annum payable on investment of funds into the ESVCLP Fund. Guarantee fee income revenue recognised for the year was \$254,265 dollars (2019 \$137,982).

Cumulative guarantee fees received as at 31 Jan 2020 are \$501,165 (2019 \$137,982). These amounts will be adjusted against the client's net return on investment from the ESCVLP fund on divestment. This amount has not been included in the statement of financial position.

3. Receivables

Receivables from customers	51,778	36,821
Other receivables	3,099	980
Loans to related parties	1,968	-
	56,845	37,801

4. Financial assets

Financial assets at fair value through profit or loss

MIT Fund - Partner Interest (i)	5,863,069	5,588,097
ESVCLP Fund - Partner Interest (ii)	5,586,841	3,524,290
	11,449,910	9,112,387

The Society recognises and measures financial assets in accordance with NZIFRS 9. The Society has elected to classify and measure its financial assets at fair value through profit or loss.

4.1 Investment in MIT Redeemable Preference Units

The Group holds redeemable preference units in the MIT Fund that are invested for a period of 4 years. The investments made into the MIT Fund accrue interest for the period and are all expected to be redeemed with interest between the 11 September 2021 and 28 September 2022. Interest is accrued at 7% per annum and the total interest accrued for the year ended 31 January 2020 is \$368,656 (2019: \$291,631).

	2020	2019
	\$	\$
<i>Movements in the MIT Fund during the current and previous financial year are set out below:</i>		
Opening balance at 1 February	5,588,097	1,460,046
Interest accrued	368,656	291,631
Investments	-	3,836,420
Foreign exchange loss	(93,684)	-
Closing balance 31 January	5,863,069	5,588,097

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2020

4. Financial assets (continued)

MIT Fund COVID-19 Impact of Investment

Management has reviewed and discussed the potential impact COVID-19 will have on the performance of the MIT Fund and concluded:

1. A significant risk discount of 60% was applied to the value of the assets. The resulting valuation was still comparable to the invested funds and therefore no impairment was recognised.
 2. With the above discount applied the value of the assets exceeds the principle and accrued interest of the investment to date.
 3. The investment is not due to mature for another 2 years allowing the current market volatility to stabilise and respective government support/stimulus packages time to have an effect.
 4. Capital raising whether it be for debt funding, private equity or venture capital has slowed as a direct result of the impact of COVID-19 and if it continues for another 12-18 months may negatively impact the underlying assets of the fund.
 5. The extent of the impact of a potential prolonged decrease in funding sources available to the Group and its investments at this stage can only be estimated, but would include:
 - a. Increased market risk - causing delays to divestment timeframes potentially causing maturity mis-match.
 - b. Increased credit risk - an increase in credit risk may arise if the pandemic severity continues unabated triggering significant increase of risk aversion towards investing in private companies thereby causing a revaluation of assets within the Fund's portfolio.
 - c. Increased liquidity risk - causing a delay to clients investment withdrawals.
 - d. Increased currency risk - nil as investment and divestment will be in same currency.
- A decrease in the valuation of both the NZD and AUD could be an advantage when divesting to foreign investors.

4.2 Investments in the Estrala Venture Capital Fund

Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 386569. The investments made by ESVCLP are based on calls made by Estrala VC Managing Partnership ("VCMP") as the General Partner of the Fund. The General Partner has the discretion of the how to invest the funds. As a Limited Partner in the Fund, the Group is entitled to recover the principal invested into the fund, plus 35% of the net returns on its invested funds. Management has assessed that the value of the funds invested in the Fund is an appropriate representation of its fair value.

Movements in the ESVCLP Fund - Partner Interest during the current and previous financial year are set out below:

	2020	2019
	\$	\$
Opening balance at 1 February	3,524,290	1,971,298
Investments	2,330,177	1,827,666
Foreign exchange loss	(107,114)	(274,674)
Impairment	(160,512)	-
Closing balance 31 January	<u>5,586,841</u>	<u>3,524,290</u>

ESVCLP Fund COVID-19 Impact on Investments

Management has reviewed and discussed the potential impact COVID-19 will have on the performance of the ESVCLP Fund and concluded:

1. The Group does not have any outstanding mortgages or loans which could be negatively impacted by the economic impact of COVID-19.
2. The assets of the funds being underlying investee companies are not in critically affected industries like airlines, hospitality and tourism.
3. 12 of the 20 investees are in technology and software that are now in high demand as a direct result of COVID-19. These are companies that provide software or services via software in online education and content creation, health care management, cleaning & hygiene management, agricultural technology and financial technology.
4. The investments are for a 3-5 year period with another 2-3 years remaining which should allow sufficient time for the markets to stabilise prior to any divestments.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

4. Financial assets (continued)

ESVCLP Fund COVID-19 Impact on Investments

5. The adjusted valuations for the period has been discounted by a significant risk factor taking into account the time value of money from reported delays against the key milestones in the business plan and an assessment of the operational risk factors currently facing the businesses.

6. At the time of reporting the fund managers and the Groups management believe the fund's assets are robust enough to endure the estimated 1-2 months of shutdowns and 4-6 months of economic disruption.

7. Loss of key personnel for the investee companies is low as there are no employees/founders in the vulnerable category and all personnel continue to work remotely and report more frequently.

8. Loss of site access/facilities/production in general is a high risk, nonetheless it will have a minimal impact as the majority of the investees can work remotely and remain productive. Any loss of productivity at this stage can be recovered post COVID-19.

	Group	
	2020	2019
5. Deferred tax	\$	\$
Movements:		
Opening balance	29,890	3,000
Credited to profit or loss	68,914	26,890
Closing balance	98,804	29,890

6. Issued Capital

	2020	2019	2020	2019
	No.	No.	\$	\$
Opening Balance at 1 February	45,715,362	45,715,362	78,211	78,211
Shares issued	1,900	-	1,128	-
Closing Balance at 31 January	45,717,262	45,715,362	79,339	78,211

The shares have no par value. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. The Group incurred no transaction costs during the year (2019: \$nil) with no costs related to the issue of new shares and deducted from equity (2019: \$nil). All shares have equal rights to distribution / dividends and assets on winding up.

The Group's policy is to maintain a strong equity / capital base so as to be able to operate. The Group's policy in respect of equity / capital management are reviewed regularly by the Board of Directors.

7. Audit Fees

	Group	
	2020	2019
	\$	\$
Auditor's Remuneration for the audit of the Group		
IRCS Limited	64,449	62,200

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

8. Taxation

	Group	
	2020	2019
	\$	\$
Profit before tax	90,030	111,535
Prima facie tax at 30% (2019 30%)	27,009	33,461
Add Back:		
<i>Permanent differences</i>		
Entertainment and other	62	2,350
<i>Temporary differences</i>		
Accrued expenses and other	(14,899)	24,000
Deferred revenue	26,753	-
Unrealised foreign exchange	-	2,890
Impairment on financial asset	48,153	-
Less: ESVCLP Offset	(20,770)	(34,830)
Under provision in prior year	643	-
	66,951	27,871

Alliant Perpetual qualifies for the tax offset on 10% of contributions made to Estrala. The balance of carried forward offsets to be utilised against future taxable income is \$405,555.

	\$
Reconciliation of tax offsets	
Balance brought forward	243,687
Current year offset	231,100
Utilised	(69,232)
Balance at year end	405,555

During the year the Society has received an Australian Registered Body Number (ARBN) and subsequently granted a Tax File Number (TFN) by the Australian Tax Office. Tax returns can now be filed for the relevant periods.

Management is of the view that the DTA is a recoverable future economic benefit and can be reliably measured. The current and future taxable income of the Society will allow management to progressively recover the DTA in current and future periods.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

9. Controlled Entities

	Country of Incorporation	Percentage Ownership	
		2020	2019
Subsidiaries of Alliant Perpetual:			
Alliant Perpetual (AU) Pty Ltd	Australia	100%	100%
Alliant Perpetual (HK) Limited	Hong Kong	100%	100%

The above subsidiaries did not trade during the year.

10. Capital Commitments

The Group has capital commitments to the Estrala ESVCLP Fund, as a Limited Partner of the Estrala ESVCLP Fund the Society has non-binding commitments to contribute up to A\$5,000,000 to the Fund as at 31 January 2020 total contributions were A\$2,200,000 (2019: A\$1,550,000). The Society may reduce this amount at its discretion or increase this amount at Fund's discretion. In turn, the Society is entitled to the return of the capital invested and 35% of net returns on contributed capital to the Fund. The contributed capital is secured by the assets of the Fund.

11. Lease Commitments

The Group has no lease commitments (2019: nil). Although the Society does not have any lease commitments it does have an ongoing lease expense month to month. During the year ended 31 January 2020, the Society had rent expense of \$63,302 (2019: \$65,677).

12. Contingent Liabilities and Guarantees

The Group has contingent liabilities which vest and become due in November 2020; January 2021; and June 2021 (2019: nil).

The contingent liabilities are interest payments of 5% of the nominal principal investment amount on certain investments still invested in the funds in year 3 (A\$150,000) and 4 year (A\$150,000) of the four year Term Deposits totalling A\$300,000 (NZ\$310,668) over the two year period.

The Group has issued guarantees for the nominal principal investment amount totalling \$10,614,408 (2019: \$9,468,270). The guarantees are due progressively from September 2022 through to February 2023.

13. Subsequent Events

The facts in this report relate to investment and operational matters of the Society. The tragic human element to the COVID-19 pandemic is immeasurable.

On January 30, 2020, the World Health Organisation declared the corona virus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Society's operations, suppliers or other vendors, and customers. The operations of the Building Society could be negatively impacted by the regional and global outbreak of COVID-19, including reduced operations for an unknown period of time and may impact the Society's financial position and operating results, however the magnitude will be determined by the duration of COVID-19. The group will monitor the ongoing developments and be proactive in mitigating the impact on its operations. Notwithstanding, the group expects there may be an impact as a result of these events into the new year, however the magnitude will be determined by the duration of COVID-19.

Despite these conditions, the Society's investments remain well capitalised given their current activities and access to government stimulus packages for qualifying investee companies are being sought, where applicable. Whilst this crisis poses a liquidity risk among the portfolio, it is the intention of the fund manager to only divest portfolio companies where the market or transactional value meets or exceeds their intrinsic value.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

13. Subsequent Events (continued)

The Groups investments could incur a permanent loss of capital in the event of bank defaults, which could trigger a deeper and more substantial financial and economic crisis. This would in turn impact the broader macro-economic environment and reduce investor sentiment and interest when divesting the funds' assets. We consider bank defaults highly unlikely. The global banking system was more robust going into this crisis than in the GFC, with substantial capital buffers. Most importantly, the RBNZ and RBA consistently reassures the public that their respective domestic banks have unlimited access to liquidity.

We've reviewed our conservative approach to liquidity against this backdrop. The Society has no material/direct exposure to significantly impacted industries like hospitality, tourism and airlines. The majority of the portfolio companies are in industries that have had renewed investment interest as a direct result of COVID-19, namely Software-as-a-Service (SaaS) in online health care management, cleaning & hygiene management, agricultural technology and financial technology.

In our view, three things need to have happened before we see a genuine and sustained recovery:

- Central banks reassuring the market that there's ample liquidity so that credit can keep flowing to solvent companies
- Governments cushioning the collapse in demand by announcing massive fiscal programs
- Passing the point of peak infections in Europe and the USA

The first two things have already happened, and if this was purely a financial crisis we could already have been on the road to recovery. However, the added fear for life itself makes this crisis so different—hence the third condition. While it appears that peak infections are behind us in Australia and New Zealand, developments in the USA and Europe will ultimately determine the course of the global economy and financial markets.

Markets can turn very quickly and we believe they will definitely turn before we see a turn in the economy. The economic consensus is currently a sharp recovery in the last quarter of this year. Given the above expected timing of a recovery the Society's investments are minimally impacted at this stage and further the Society is not required or under pressure to divest assets in the current market conditions.

On 29th April 2020, Clive Kay as a Director and member has invested A\$50,000 into Alliant Perpetual by way of a Convertible Note. The convertible note is an instrument containing a future right to Shares, similar in form and content to a deed, purchased for the purpose of funding the acceleration of Society's capital raising activities. The convertible note terms provide the right to convert the invested amount into ordinary shares at a valuation cap of A\$25m with a zero percent discount rate. Alternatively the invested amount can be repaid with interest at 10% per annum.

Other than the above 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

14. Cash at Bank

	Group	
	2020	2019
	\$	\$
Australian Registered Banks	1,144,552	2,039,402
	1,144,552	2,039,402

(i) The Society has \$1,128,310 in restricted cash and \$12,536 in unrestricted cash. The Society will meet its obligations with this above cash and future earnings per its usual business operations.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

15. Contract Liabilities

	Group	
	2020	2019
	\$	\$
Contract Liabilities (i)	141,443	222,811
	141,443	222,811

(i) Contract liabilities includes revenue received in advance of the contract terms.

16. Financial Risk Management

The Group's financial instruments consist of the below.

The totals for each category of financial instruments, measured in accordance with NZ IFRS as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2020	2019
		\$	\$
Financial Assets			
Cash and cash equivalents			
Restricted cash	14	1,132,016	1,751,915
Unrestricted cash	14	12,536	287,487
Receivables	3	56,845	37,801
Financial assets	4	11,449,910	9,112,387
Total Financial Assets		12,651,307	11,189,590
Financial Liabilities			
Financial liabilities held at fair value through profit or loss			
Client Term Deposits		12,064,263	10,684,601
Total Financial Liabilities		12,064,263	10,684,601

Specific Financial Risk Exposures and Management

The main risks to the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of currency risk and interest rate risk.

(a) Credit Risk

To the extent that the group has a receivable from another party, there is a credit risk in the event of non performance by that counter-party. Financial instruments which potentially subject the group to credit risk consist of Loans and Receivables, Term Investments and Guarantees.

The group manages its exposure to credit risk to minimise losses from bad debts by obtaining credit information, confirming references and setting appropriate credit limits. At balance date, group exposure is largely with MIT and ESVCLP Funds in Australia.

Maximum exposure to credit risk at balance date is the carrying value of the financial assets. The carrying value is net of any impairment losses. There were no financial assets considered past due or impaired at the year ended (2018:\$Nil). Collateral is held on any Loans and Receivables and Guarantees. Collateral is in the form of the underlying assets of each of the Funds in Australia, which consist mainly of equity in private companies.

(b) Liquidity Risk

Liquidity risk is the risk that under certain conditions, cash outflows can exceed cash inflows in a given period. The group maintains sufficient liquid funds to meet its commitments based on historical and anticipated cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains short-term liquid assets (cash at bank) to ensure that sufficient liquidity is maintained within the group as a whole. The Group's liquidity position is monitored on a per transaction basis.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

16. Financial Risk Management (continued)

(b) Liquidity Risk

Group 2020	On hand	On call	Short Term	Long Term	Undrawn bank debt	Group Total
Cash and Cash Equivalents	1,144,552	-	-	-	-	1,144,552
Total Liquid Funds	1,144,552	-	-	-	-	1,144,552

The following maturity analysis tables set out the Groups expected cash flow based on historical trends for all financial assets and liabilities as at balance date.

Group 2020	Within 6 Months	6-12 Months	1-2 Years	2-5 years	Over 5 Years	Group Total
Financial Assets						
Cash and Cash Equivalents	1,144,552	-	-	-	-	1,144,552
Receivables	56,845	-	-	-	-	56,845
Investments	-	-	-	11,449,910	-	11,449,910
Total Financial Assets	1,201,397	-	-	11,449,910	-	12,651,307
Financial Liabilities						
Contract liability	(141,443)	-	-	-	-	(141,443)
Sundry payables and accrued expenses	(50,538)	-	-	-	-	(50,538)
Accounts payables	(111,840)	-	-	-	-	(111,840)
Deposits ⁽¹⁾	-	-	(3,106,677)	(8,957,586)	-	(12,064,263)
Total Financial Liabilities	(303,821)	-	(3,106,677)	(8,957,586)	-	(12,368,084)
Net Liquidity Sensitivity	897,576	-	(3,106,677)	2,492,324	-	283,223

Group 2019	Within 6 Months	6-12 Months	1-2 Years	2-5 years	Over 5 Years	Group Total
Financial Assets						
Cash and Cash Equivalents	2,039,402	-	-	-	-	2,039,402
Receivables	37,801	-	-	-	-	37,801
Investments	-	-	-	9,112,387	-	9,112,387
Total Financial Assets	2,077,203	-	-	9,112,387	-	11,189,590
Financial Liabilities						
Contract liability	(222,811)	-	-	-	-	(222,811)
Sundry payables and accrued expenses	(90,000)	-	-	-	-	(90,000)
Accounts payables	-	-	-	-	-	-
Deposits ⁽¹⁾	-	-	-	(10,684,601)	-	(10,684,601)
Total Financial Liabilities	(312,811)	-	-	(10,684,601)	-	(10,997,412)
Net Liquidity Sensitivity	1,764,392	-	-	(1,572,214)	-	192,178

(1) The cash flows comprise future principal only.

(c) Market Risk

i. Currency Risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Other than NZ dollars, the group transacts in Australian dollars and all investments are in Australian Dollars.

During the year, most of the Society's transactions were in Australian dollars and therefore the movement in foreign exchange had minimal impact to the overall financial performance of the Society.

Alliant Perpetual and Subsidiaries Notes to the Financial Statements for the year ended 31 January 2020

16. Financial Risk Management (continued)

(c) Market Risk (continued)

ii. Interest Rate Risk

The group has exposure to interest rate risk to the extent that it has bank funds earning interest. The group manages interest rate risk by reviewing interest rates on a regular basis.

Interest rates earned on cash balances were between 0% and 4.4%.

17. Operating Segments

Alliant Perpetual operates in New Zealand and Australia and raises funds from wholesale/sophisticated investors. It does not make or accept offers from the public or other classes of retail investors or depositors in New Zealand.

Alliant Perpetual (AU) Pty Ltd did not trade during the year. All transactions in Australia for the Society are executed through Alliant Branch facilities. In Australia it primarily invests in Innovation Australia registered Early Stage Venture Capital Limited Partnership (ESCVLP) Funds, and does not make or accept offers from the public or other classes of depositors.

Alliant Perpetual (HK) Limited operates in its own right in the territory of Hong Kong. Alliant Perpetual (HK) Limited did not have any trading activity during the year.

18. Fair Value Measurements

Fair value hierarchy

The following table details the Group'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: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets.

Level 3: inputs are unobservable inputs for an asset or liability. Unobservable inputs have been used to measure fair value where relevant observable inputs are not available.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2020				
<i>Assets</i>				
Financial assets (note 4)	-	-	11,449,910	11,449,910
2019				
<i>Assets</i>				
Financial assets (note 4)	-	-	9,112,387	9,112,387

The fair value of financial assets at 31 January 2020 are \$11,491,462 (2019: \$9,112,387) and are level 3 financial instruments. Unless otherwise stated, the carrying amounts of financial assets and liabilities reflect their fair value.

At the date of this declaration, there are reasonable grounds to believe that the Group does not face any significant credit risks requiring calibration to the fair value of its financial assets carried at initial recognition. As such there is no fair value adjustment in the statement of comprehensive income.

The Group holds redeemable preference units in the MIT Fund that are invested for a period of 4 years. The investments made into the MIT Fund accrue interest for the period and are all expected to be redeemed with interest between the 11th September 2021 and 28 September 2022.

As disclosed in note 4, the ESCVLP investment are based on calls made by Estrala VC Managing Partnership ("VCMP") as the General Partner of the Fund. The General Partner has the discretion of the how to invest the funds. As an LP the Group is entitled to its principle investment invested into the ESCVLP Fund plus receive 35% of the net returns on its invested funds.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

18. Fair Value Measurements (continued)

Alliant Perpetual is a Limited Partner (LP) in the Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 386569. The investments are based on calls made by Estrala VC Managing Partnership ("VCMP") as the General Partner of the Fund. The General Partner has the discretion of the how to invest the funds. As an LP the Group is entitled to its principle investment invested into the ESVCLP Fund plus receive 35% of the net returns on its invested funds.

It is expected both Funds will begin successfully divesting assets beginning Q4 2019.

19. Key management personnel

Compensation

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

	Group	
	2020	2019
	\$	\$
Short-term benefits	153,745	84,000

20. Related Party Transactions

Parent entity

Alliant Perpetual is the Parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 9.

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

During the year the following transactions occurred with related parties:

- On the 20 February 2019, the Group provided a loan to GJR Technology for AU\$400,000. GJR Technology is a related party through Ross McKinnon being a Director of both Alliant Perpetual and GJR Technology. The loan was made at arm's length and repaid in full plus fees and interest which resulted in income of NZ\$12,594 for the Group.

- On the 6 June 2019, the Group returned the term deposit to Lantern RE of AUD\$160,655 of which NZ\$4,705 was a interest expense to the Group. Lantern RE is a related party through Clive Kay being a Director of both Alliant Perpetual and Lantern RE.

Other related parties

Other related parties include entities over which key management personnel exercise significant influence.

Alliant Perpetual is a Limited Partner (LP) in the Estrala Venture Capital Fund ("Fund") which is an incorporated limited liability partnership registered as an Early Stage Venture Capital Fund ("ESVCLP") with Innovation Australia. Estrala VC Managing Partnership ("VCMP") is the General Partner of the Fund. Estrala Capital & Advisory Pty Ltd, as the trustee for the Estrala Unit Trust, is the General Partner of the VCMP, Australian Financial Services Licence ("AFSL") number 386569. Estrala Capital and Advisory Pty Ltd is a related party by Director and shareholders. Clive Kay is a minority shareholder of Estrala Capital & Advisory Pty Ltd and minority interest as a units holder of the Estrala Unit Trust. Terence Timms is a Director and minority shareholder of Estrala Capital & Advisory Pty Ltd and minority interest as a unit holder of the Estrala Unit Trust.

**Alliant Perpetual and Subsidiaries
Notes to the Financial Statements
for the year ended 31 January 2020**

20. Related Party Transactions (continued)

Clive Kay is a member of the Investment Committee representing Alliant Perpetual's Limited Partnership interest in the ESVCLP Fund to understand where and how the Fund is making investments. Representation on the investment committee is in a passive capacity. Each Limited Partner can be represented at investment committee meetings to understand the potential investee companies. The ultimate investment decision is the Board of Directors of the General Partner. The Investment Committee comprises of four members of Estrala Capital & Advisory whom sit on such a position to understand and make suggestions to the General Partner. The decision-making authority for investments lies with the Board of Directors of the General Partner of the ESVCLP Fund of which Alliant Perpetual has no representation. Alliant Perpetual holds redeemable preference units accruing interest in the MIT Fund 1. Specific unit holders in the MIT Fund 1 have become related parties as shareholders in Alliant Perpetual through their holdings in Halcyon Trust, Artorius Trust, Bengo Unit Trust and Niasan Trust. These entities while being related party through shareholding do not significantly influence or control the Society. The Rules of the Society allow for one vote per member not one vote per share, as such these Trusts have 1 vote out of 28 votes in any meetings or polls the Society conducts. Therefore, they do not exercise control over the Society through their shareholdings and do not have any representation on the Board of Directors or management of the Society. The management of MIT Fund 1 is independent of the Society and its decision making.

21. Notes Supporting Statement of Cash Flows

Cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Payable \$
At 31 January 2020	
Cash Flows	1,379,662
Effects of Exchange Differences	<u>-</u>
Closing Balance	<u>1,379,662</u>

22. Appendix

Board of Directors

Chairman	Clive P Kay
Director	Ross J McKinnon

Management

Chief Executive Officer	Clive P Kay
Chief Information Officer	Ross J McKinnon

Registered Office

Level 3
18 London Street
Hamilton 3240
New Zealand
Email: admin@alliantperpetual.com
Telephone: +64 (0) 7 838 2692

Bankers

ANZ Bank, Corner of Queen & Creek Street, Brisbane QLD 4000
Bank Of China, 3/F. Bank of China Tower, 1 Garden Road, Hong Kong

Independent Auditors

IRCS Limited

IRCS.

Audit and Assurance

INDEPENDENT AUDITOR'S REPORT

To the Members of Alliant Perpetual

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We were engaged to audit the consolidated financial statements of Alliant Perpetual and its subsidiaries (together, "the Group"), which comprise the consolidated statements of financial position as at 31 January 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects the financial position of the group as at 31 January 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with New Zealand International Financial Reporting Standards.

Basis for Qualified Opinion

The consolidated financial statements include investments in funds with a combined value of \$11,499,910 (Estrala Venture Capital Fund \$5,586,841 and MIT Fund \$5,863,069) held as financial assets at fair value through profit and loss and amortised cost, respectively. The value of the funds collectively represents 90 percent of total assets and 30 times the value of net assets.

The fair value of those Funds is driven by the value of the Funds' underlying investments in debt and equity instruments. These investments are largely in early stage companies for which there no observable market data is available to determine the fair value of the investments. The audited financial statements of the Funds are not available.

An independent valuation was performed on 63 percent of the Estrala Venture Capital Fund's investee entities. The remaining 37 percent of the investee companies were valued by management. The independent valuation did not reassess the initial projected cashflows. Cashflow projections include the use of significant judgements and estimates that whose change could result in a material difference in the value of the investments. The MIT investments were valued by management. The results of both valuations was higher than initial investment and management recorded the investment at cost less the impairment on specific investments considered as impaired to be prudent given the nature of the investments.

We were unable to obtain sufficient appropriate audit evidence on the fair values of the underlying investee companies and consequently that of the Funds. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the fair value of the Funds.

Emphasis of Matter

Material Uncertainty Related to Going Concern Including uncertainty because of COVID 19

We draw the members' attention to Note 13 in financial statements regarding the possible impact of COVID 19 on Alliant Perpetual's operations. Alliant Perpetual's assets valued at \$ 12,594,462 accounts for 99% of the assets of the Group which consist of financial assets and restricted cash. The Group is reliant on the performance of the Funds and their profitability to meet its commitments and repay the clients investments which are guaranteed. Furthermore, the Member's Equity is \$380,064. Due to the nature of the investments being investments in early venture start-up companies, which do not guarantee positive returns, there may be impairment of the assets. Management have advised that some of the entities invested into, are expecting high yield and they are in are technology based which is in demand. They also assessed the investments as not being affected immediately as they are due for exit starting in the next financial year. Directors will resort to issuing bonds and capital injection by the members to meet any shortfalls of funds if they occur on maturity of the investments.

The uncertainty posed by COVID 19 increases the risk of going concern on Alliant perpetual.

Our opinion is not modified in respect of this matter.

Key Audit matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

Valuation of investments including material uncertainties as a result if COVID 19

Why significant?	How our audit addressed the key audit matters
<p>The Groups financial statements include investments in funds with a combined value of \$11,499,910 (Estrala Venture Capital Fund \$5,586,841 and MIT \$5,863,069) held as financial assets at fair value through profit and loss and amortised cost, respectively</p> <p>The value of the funds collectively accounts for 91% of total assets and 30 times the value of net assets. The investment valuations require the use of judgments specific to the investments, as well as consideration of the prevailing market conditions. Subsequent to year end the property market, and the economy as a whole, were significantly impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Held discussions with management to understand the fair value determination process for each of the investments• Inquired with management on their assessment of the impact of COVID 19 on the fair value of investments and reviewed their estimates and judgements. Management were of the view that no impairment was identified on the investments as a result of the Covid -19 pandemic. An emphasis of matter was issued due to the uncertainty of the impact of the pandemic.• Verified current year investments to supporting documentation including

<p>Significant assumptions used in the valuation are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of a financial asset.</p> <p>Significant assumptions are as follows:</p> <ul style="list-style-type: none"> • Cashflow projections including various discount rates used in cashflow projections (in determining the terminal value of investments) • Share prices of underlying investee entities • Going concern and liquidity of underlying investee entities <p>Managements assessment of COVID 19 consisted of managements own assessment of the likely performance of the investee entities. We have not received the fund manager's assessment of how the global pandemic has affected their performance. Valuation report on the Estrala Investment was performed in December 2019 and therefore there is a risk that the value of the entities have been materially impacted. No re assessment of the initial cashflow projections by the investee companies have been performed by the valuer. These cashflows were used in the valuers report as the basis of the valuation.</p>	<p>bank statements and investment agreements</p> <ul style="list-style-type: none"> • Reviewed the valuers assumptions and methodology used for the investment valuations and basis of conclusions including risk adjustment factors and concluded that the investments exists and are held by the fund • Reviewed managements valuations and conclusions • Performed reconciliation of investments values and foreign exchange impact. • Reviewed investments made in the current year and foreign exchange impact and validated that the transactions had occurred • Reviewed managements credit loss assessment for investments held at amortized cost. • Discussed with the Engagement Quality Control Reviewer on audit strategy, results and conclusions. • Circularised confirmations to the fund managers to confirm value of investments held by Alliant Perpetual to verify existence of the investment and validity of the transactions with the fund manager • Verified disclosures in financial statements.
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Compliance with laws and regulations - tax registration and accounting for taxation in the financial statements

<p>The Group operations currently are in Australia, as such there is no registration of tax with the IRD and a formal exemption was made by the IRD.</p> <p><i>Australian Tax registration was approved by the Australian Tax Office in April 2020 and the group is now able to file tax returns for operations in Australia.</i></p> <p>The Group has utilised early stage venture capital limited partnership (ESVCLP) tax offset available which are 10% of the funds invested in Estrala. Accumulated unused tax offsets which can be used against future taxable income equal to \$405,555</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We Inquired with management on the tax registration status. • Verified tax registration correspondence with the Australian tax Office. • Reperformed tax offset balance and tested the eligibility criteria against the rules stated in Australia tax legislation • Reviewed the tax computation in its entirety • Verified disclosures in financial statements
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Disclaimer issued in prior year financial statements

A disclaimer of opinion was issued in the prior year financial statements due to unavailability of valuation information for the investments.

The disclaimer was due to unavailability of investment valuation supporting the investment balance. A disclaimer of opinion exists for comparative figures.

Valuations have been performed in the current year audit. A qualified opinion has been issued around the matters identified during the review of the valuations.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group 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 Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing (New Zealand) and to issue an auditor's report. However, because of the matters described in the *Basis for Qualified Opinion* paragraph of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with Professional and Ethical Standard (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Report on Other Legal and Regulatory Requirements

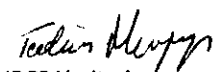
There are no matters to report.

Who We Report to

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members, as a body, for our audit work, for this report or any of the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Tadius Munapeyi.

For and on behalf of:


IRCS Limited
Auckland
15 June 2020