



**Eildon Capital Limited**  
**(formerly CVC Private Equity Limited)**

**ACN 059 092 198**

## **2016 Annual Report**

The financial report was authorised for issue by the Directors on 22 September 2016.  
The Company has the power to amend and reissue the financial report.

**Eildon Capital Limited**  
**(formerly CVC Private Equity Limited)**

**Company Particulars**

**REGISTERED OFFICE:**

Level 6  
1 Alfred Street  
SYDNEY NSW 2000

**DIRECTORS:**

Alexander D H Beard  
Elliott G Kaplan  
John D Read  
Mark A Avery (Appointed 24 November 2015)

**SECRETARIES:**

Alexander D H Beard  
John A H Hunter  
Michal J Bower

**BANKERS:**

Westpac Banking Corporation Limited  
Bank of Western Australia Limited

**SOLICITORS:**

Thomson Geer Lawyers  
Level 25, 1 O'Connell Street  
Sydney NSW 2000  
Telephone: (02) 8248 5800  
Facsimile: (02) 8248 5899

**AUDITORS:**

HLB Mann Judd  
Chartered Accountants  
Level 19  
207 Kent Street  
Sydney NSW 2000

**SHARE REGISTRY:**

Next Registries (Formerly RB NSW Pty Limited)  
Level 16  
1 Market Street  
SYDNEY NSW 2000

**DOMICILE:**

Australia

# **Eildon Capital Limited** **(formerly CVC Private Equity Limited)**

## **Directors' Report**

**For the Year Ended 30 June 2016**

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The Directors present their report together with the financial report of Eildon Capital Limited (formerly CVC Private Equity Limited) (the "Company") for the year ended 30 June 2016 and the Auditors' Report thereon.

### **Directors**

The Directors in office at the date of this report and at all times during the year are:

#### **Mark Anthony Avery B.Com.PI.Ds. (UOM) (Appointed 24 November 2015)**

Mr Avery began his professional career at Macquarie Group in 2002 where he was employed for five years in its property finance division as well as its residential development divisions. Mr Avery then moved to a private Melbourne based developer before joining a subsidiary of Mirvac in the industrial property sector. Since commencing at CVC Limited, the parent of the Company, in 2010, Mr Avery has been responsible for CVC's real estate investment activities. In that period CVC has provided investment loans to property developers and investment groups while also participating in joint venture opportunities with well credentialed partners. He is also a director of Eildon Funds Management Limited (formerly CVC Property Managers Limited).

#### **Elliott Grant Kaplan B. Acc. CA**

Mr Kaplan is a Chartered Accountant with extensive experience in senior financial and chief executive officer roles in both private and publicly listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries including manufacturing, environmental, distribution and services. He is also a non-executive director of Pro-Pac Packaging Limited and Cellnet Group Limited and formerly a non-executive director of Grays Ecommerce Group Limited and Dolomatrix Limited.

#### **Alexander Damien Harry Beard B.Com. (UNSW) FCA AIDC**

Mr Beard is a Chartered Accountant with extensive experience in private equity investing. He is Chairman and non-executive director of Cellnet Group Limited and managing director and Chief Executive Officer of CVC Limited and formerly a non-executive director of Grays Ecommerce Group Limited, Villa World Limited and Lonestar Resources Limited. Mr Beard is a member of the Audit Committee of the Company.

#### **John Douglas Read B.Sc. (Hons.) (Cant.), MBA (AGSM) FAICD**

Mr Read is a Fellow of the Australian Institute of Company Directors. He is Chairman of Patrys Limited and a non-executive director of CVC Limited and formerly a non-executive director of The Environmental Group Limited and the Central Coast Water Corporation. Mr Read is Chairman of the Audit Committee of the Company.

### **Company Secretaries:**

#### **John Andrew Hunter B.Com. (ANU), MBA (MGSM), MAppFin (MAFC), CA**

Mr Hunter has experience in senior finance roles in the Financial Services industry in retail and wholesale funds management entities as well as holding senior finance roles in various other public and private companies.

#### **Michael John Bower B.Sc. (Hons.) (Dunelm.), CA**

Mr Bower has 25 years' experience in various senior financial roles, including in listed and pre-IPO companies, and roles in Australia, the United Kingdom and New Zealand.

In addition to being a director of the Company, **Alexander Damien Harry Beard** is also a Company Secretary.



# **Eildon Capital Limited**

## **(formerly CVC Private Equity Limited)**

### **Directors' Report**

**For the Year Ended 30 June 2016**

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#### **Directors' meetings**

The number of directors' meetings attended, and the number of directors' meetings eligible to attend during their period in office by each of the Directors of the Company during the financial year were as follows:

	<b>Number of meetings attended</b>	<b>Number of meetings held</b>
M A Avery	2	2
A D H Beard	4	4
J D Read	4	4
E G Kaplan	3	4

#### **Audit Committee meetings**

There were no audit committee meetings of the Company during the financial year.

#### **Director's benefits**

Information on Directors' remuneration is included in the remuneration report in the financial statements.

#### **Director's interests in shares of the Company**

The relevant interest of each director in the ordinary share capital of the Company at the date of this report is included in the remuneration report.

#### **Principal activities**

For the period to 23 November 2015 the principal activity of the Company was making private equity style investments. On 23 November 2015, at the company Annual General Meeting, shareholders voted to approve the following:

- A change in name from CVC Private Equity to Eildon Capital Limited;
- A change in the strategic direction and investment focus of the Company from a private equity focus to a specific property funding and investment focus; and
- A change in the manager from CVC Managers Pty Limited to Eildon Funds Management Limited.

#### **Operating results**

The Company recorded an after tax profit of \$2,031,172 (2015: \$259,061).

#### **Dividends**

A fully franked special dividend of 13 cents per share amounting to \$2,241,742 was declared on 18 January 2016 and paid 22 January 2016.

#### **Review of Operations**

During the financial year the following significant events occurred and transactions were entered into:

- On 23 November 2015 shareholders approved a restructure of the Company such that it changed its investment approach from a private equity focus to a specific property funding and investment focus. This included the change in the manager and the name of the company so as to better reflect and facilitate the objectives of the intended restructure. As part of the restructure a share buy-back was completed to allow those shareholders who did not wish to participate in the new investment approach to exit. 3,880,077 shares and 500,000 options were bought back on 22 December 2015. Following the completion of the buy-back a "loyalty" dividend of 13 cents per share fully franked was paid to those shareholders that did not participate in the buy-back.
- Following the change in the strategy of the Company to undertake property related investments, on 15 December 2015 a \$4.2 million loan facility was provided to fund the settlement of a property that is being developed as residential apartment complex on the Gold Coast. As at 30 June 2016 the total balance of property loans amounted to \$13.0 million.
- On 14 August 2015 the final tranche of shares were bought back by Ron Finemore Transport Pty Limited for proceeds of \$3.77 million, generating a profit of \$1.2 million. Further, the Company received a dividend of \$800,000 from Green's Foods Holdings Pty Limited on 28 July 2015.



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Directors' Report

For the Year Ended 30 June 2016

### Shares under option

All share options were either exercised or bought back during the year. Details of the options are disclosed in note 20.4 of the financial report. The movement of options held by key management personnel of the Company directly or indirectly were as follows:

	Grant Date	Balance at start of the year	Options exercised	Options bought-back	Balance at the end of the year
ADH Beard	16 Jan 2013	1,200,000	(1,200,000)	-	-
EG Kaplan	16 Jan 2013	1,200,000	(1,200,000)	-	-
JA Hunter	16 Jan 2013	250,000	-	(250,000)	-
MJ Bower	16 Jan 2013	250,000	-	(250,000)	-
		<u>2,900,000</u>	<u>(2,400,000)</u>	<u>(500,000)</u>	<u>-</u>

### Remuneration Report

This report sets out remuneration information for the key management personnel of the Company.

#### (a) Key management personnel

The Company has no employees and the only key management personnel of the Company are the Directors and company secretaries. The total income paid or payable or otherwise made available, to all key management personnel of the Company directly or indirectly from the entity or any related party include:

	Post employment benefits – superannuation \$	Total \$
<b>2016</b>		
John D Read	<u>15,000</u>	<u>15,000</u>
<b>2015</b>		
John D Read	<u>15,000</u>	<u>15,000</u>

Except as detailed above, no other amount of remuneration is paid to key management personnel in connection with the management of the affairs of the Company.

#### (b) Key management personnel holding of shares

The relevant shareholding interests of key management personnel in the share capital of the Company as at the date of this report is as follows:

Ordinary shares	Opening	Purchases	Sales	Closing
Mr A.D.H. Beard	247,946	1,200,000	(1,047,946)	400,000
Mr E.G. Kaplan	123,751	1,222,000	(1,200,000)	145,751

# **Eildon Capital Limited**

## **(formerly CVC Private Equity Limited)**

### **Directors' Report**

**For the Year Ended 30 June 2016**

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#### **Significant changes in the state of affairs of the Company**

On 23 November 2015 shareholders approved a restructure of the Company such that it changed its investment approach from a private equity focus to a specific property funding and investment focus. This included the change in the manager and the name of the company so as to better reflect and facilitate the objectives of the intended restructure. As part of the restructure a share buy-back was completed to allow those shareholders who did not wish to participate in the new investment approach to exit. 3,880,077 shares and 500,000 options were bought back on 22 December 2015.

There were no other significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or in the financial statements.

#### **Likely developments and future expectations**

The Company's investment strategy is to invest in real estate based investment opportunities.

#### **Events subsequent to reporting date**

On 4 July 2016 a \$2.0 million payment was received in relation to a \$4.0 million loan facility that has a maturity date of 17 February 2017. All remaining listed investment were sold subsequent to year end. This included the sale at market value of Mitchell Services Limited (ASX: MSV), Prime Media Group Limited (ASX: PRT) and Raptis Group Limited (ASX: RPG) on 5 August 2016 to CVC Limited generating \$0.8 million.

On 16 September 2016 the Company entered into an agreement to sell its shareholding in Green's Foods Holdings Pty Limited ("Green's") with settlement expected to occur on 30 September 2016. The Company expects to receive proceeds of approximately \$5.6 million at settlement but the final consideration receivable will be determined, and subject to adjustments, which could be either positive or negative, with reference to the actual final completion date balance sheet of Green's, to be prepared after completion.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 30 June 2016.

#### **Insurance premiums**

The Company has not, during the year or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses of defending legal proceedings.

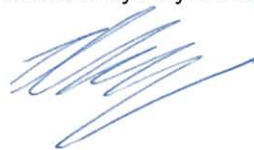
Insurance premiums have been paid in respect of director's and officer's liability and legal expense insurance for directors and officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

#### **Auditor independence and non-audit services**

The Company appointed HLB Mann Judd NSW as the auditors for the 2016 financial year. During the financial year, HLB Mann Judd did not provide non-audit services to the Company. A copy of the Independence Declaration is included on page 33. Further information on Auditors' Remuneration is included in note 2.

Signed in accordance with a resolution of Directors.

Dated at Sydney 22 September 2016



**Mark Avery**  
Director



**Alexander Beard**  
Director



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

	Notes	2016 \$	2015 Restated* \$
<b>INCOME</b>			
Dividends received		416,373	180,327
Interest income		1,170,382	299,252
Net gain on sale of equity investments		-	25,818
Impairment recovery		1,470,471	338,215
Finance income		289,843	880,967
Fee income		427,296	-
Other income		5,841	10,125
<b>Total income</b>		<b>3,780,206</b>	<b>1,734,704</b>
<b>Share of net profit/(loss) of associate accounted for using the equity method</b>		<b>399,200</b>	<b>(252,646)</b>
<b>EXPENSES</b>			
Accounting fees		89,179	33,617
Audit fees	2	33,500	38,000
Legal fees		851	5,895
Directors fees	20	15,000	15,000
Management fees		226,567	181,818
Net loss on sale of equity investments		855,397	-
Impairment of financial assets		848,756	1,489,199
Share based payment		-	6,306
Other expenses		37,920	28,238
<b>Total expenses</b>		<b>2,107,170</b>	<b>1,798,073</b>
<b>Profit/(loss) before income tax</b>		<b>2,072,236</b>	<b>(316,015)</b>
Income tax (expense)/benefit	3	(41,064)	575,076
<b>Net profit after tax</b>		<b>2,031,172</b>	<b>259,061</b>
<b>Basic earnings per share (cents)</b>	13	<b>11.17</b>	<b>1.40</b>
<b>Diluted earnings per share (cents)</b>	13	<b>10.65</b>	<b>1.30</b>
<b>Other comprehensive income</b>			
Movements in fair values of financial investments directly in equity		69,006	(339,115)
Amount transferred from other reserves to other comprehensive income on sale		(97,450)	(126,991)
Income tax on items taken directly from equity		8,533	139,832
<b>Other comprehensive loss for the year, net of tax</b>		<b>(19,911)</b>	<b>(326,274)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>2,011,261</b>	<b>(67,213)</b>

\* Refer note 24 for details regarding the restatement of the 2015 financial statement.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 9 to 31.



**Eildon Capital Limited**  
**(formerly CVC Private Equity Limited)**

**Statement of Financial Position**  
**As at 30 June 2016**

	Notes	2016 \$	2015 Restated* \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	16,456	7,447,664
Trade and other receivables	6	10,585	3,212,571
Loans and receivables	11	13,048,683	304,879
Financial assets – “available-for-sale”	7	736,324	1,530,800
Financial assets – “at fair value through profit or loss”	8	-	482,700
Current tax assets	3	-	306,906
<b>Current assets</b>		<b>13,812,048</b>	<b>13,285,520</b>
<b>Assets classified as held for sale</b>	10	<b>3,574,309</b>	<b>-</b>
<b>Total current assets</b>		<b>17,386,357</b>	<b>13,285,520</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets – “available-for-sale”	7	-	4,060,782
Investments accounted for using the equity method	9	-	3,975,109
Deferred tax assets	3	1,139,676	1,268,329
<b>Total non-current assets</b>		<b>1,139,676</b>	<b>9,304,220</b>
<b>TOTAL ASSETS</b>		<b>18,526,033</b>	<b>22,589,740</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	31,800	561,532
Current tax liabilities	3	700,378	-
<b>Total current liabilities</b>		<b>732,178</b>	<b>561,532</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	3	786,902	1,674,345
<b>Total non-current liabilities</b>		<b>786,902</b>	<b>1,674,345</b>
<b>TOTAL LIABILITIES</b>		<b>1,519,080</b>	<b>2,235,877</b>
<b>NET ASSETS</b>		<b>17,006,953</b>	<b>20,353,863</b>
<b>EQUITY</b>			
Contributed equity	14	14,885,446	18,001,875
Retained earnings	15	(5,483,508)	(5,483,508)
Profit distribution reserve	16	6,650,421	6,845,528
Other reserves	17	954,594	989,968
<b>TOTAL EQUITY</b>		<b>17,006,953</b>	<b>20,353,863</b>

\* Refer note 24 for details regarding the restatement of the 2015 financial statement.

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 9 to 31.

**Eildon Capital Limited**  
**(formerly CVC Private Equity Limited)**

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2016**

	Contributed equity \$	Retained earnings \$	Profit distribution reserve \$	Other reserves \$	Total \$
<b>At 1 July 2015</b>	<b>18,001,875</b>	<b>(5,483,508)</b>	<b>6,845,528</b>	<b>989,968</b>	<b>20,353,863</b>
Profit for the year	-	2,031,172	-	-	2,031,172
Other comprehensive loss	-	-	-	(19,911)	(19,911)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>2,031,172</b>	<b>-</b>	<b>(19,911)</b>	<b>2,011,261</b>
<i>Transactions with shareholders:</i>					
Exercise of share options	1,722,500	-	-	-	1,722,500
Shares bought back	(4,539,690)	-	-	-	(4,539,690)
Options bought back	(260,000)	-	-	-	(260,000)
Share buyback transaction cost	(58,357)	-	-	-	(58,357)
Tax on buyback transaction cost	19,118	-	-	-	19,118
Dividend provided or paid	-	-	(2,241,742)	-	(2,241,742)
Transfers (to)/from reserve	-	(2,046,635)	2,046,635	-	-
Share based payment	-	15,463	-	(15,463)	-
<b>At 30 June 2016</b>	<b>14,885,446</b>	<b>(5,483,508)</b>	<b>6,650,421</b>	<b>954,594</b>	<b>17,006,953</b>
<b>At 1 July 2014</b>	<b>18,554,668</b>	<b>(5,483,508)</b>	<b>8,249,149</b>	<b>403,646</b>	<b>21,723,955</b>
Profit for the year	-	259,061	-	-	259,061
Other comprehensive loss	-	-	-	(326,274)	(326,274)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>259,061</b>	<b>-</b>	<b>(326,274)</b>	<b>(67,213)</b>
<i>Other movements in equity:</i>					
Share of associates equity based remuneration recognised in other reserve	-	-	-	906,290	906,290
Transactions with shareholders:					
Share buy-back	(547,428)	-	-	-	(547,428)
Transaction costs of share buy- back	(5,365)	-	-	-	(5,365)
Dividend provided or paid	-	-	(1,662,682)	-	(1,662,682)
Transfers (to)/from reserve	-	(259,061)	259,061	-	-
Share based payment	-	-	-	6,306	6,306
<b>At 30 June 2015</b>	<b>18,001,875</b>	<b>(5,483,508)</b>	<b>6,845,528</b>	<b>989,968</b>	<b>20,353,863</b>

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 9 to 31.

**Eildon Capital Limited**  
**(formerly CVC Private Equity Limited)**

**Statement of Cash Flows**  
**For the Year Ended 30 June 2016**

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		433,138	10,125
Cash payments in the course of operations		(933,672)	(318,860)
Payment for financial assets at fair value through profit and loss		(809,537)	(491,693)
Proceeds from disposal of financial assets at fair value through profit and loss		1,131,864	5,903
Interest received		674,731	306,255
Dividends received		4,035,116	2,027,058
Income tax refund/(paid)		235,081	(306,905)
<b>Net cash provided by operating activities</b>	5(b)	<u>4,766,721</u>	<u>1,231,883</u>
<b>Cash flows from investing activities</b>			
Loan repaid		1,859,298	-
Loan provided		(14,080,940)	-
Payments for equity investments		(267,070)	(5,606,574)
Proceeds from sale of equity investments		5,668,072	3,091,903
<b>Net cash used in investing activities</b>		<u>(6,820,640)</u>	<u>(2,514,671)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,241,742)	(1,662,682)
Proceeds from exercise of option		1,722,500	-
Payment for option buy-back		(260,000)	-
Payments for share buy back		(4,539,690)	(547,428)
Transaction costs of share buy back		(58,357)	(5,365)
<b>Net cash used in financing activities</b>		<u>(5,377,289)</u>	<u>(2,215,475)</u>
<b>Net decrease in cash held</b>		<u>(7,431,208)</u>	<u>(3,498,263)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>7,447,664</u>	<u>10,945,927</u>
<b>Cash and cash equivalents at the end of the financial year</b>	5(a)	<u><u>16,456</u></u>	<u><u>7,447,664</u></u>

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 9 to 31.



# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements

For the Year Ended 30 June 2016

#### Note 1: Statement of Accounting Policies

The significant policies which have been adopted in the preparation of this financial report are:

##### a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis, except for "available-for-sale" investments which have been measured at fair value.

The financial report is presented in Australian dollars.

Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

Following the restructure of the company and the increase in the shareholding of CVC Limited to 68.9% on 22 December 2015 it was determined that it would be more appropriate to change the accounting treatment of Green's Foods Holdings Pty Limited from AASB 139 *Financial Instruments: Recognition and Measurement* to AASB 128 *Investments in Associates and Joint Ventures*. As such, some of the amounts reported for the previous periods have been adjusted to restate the financial statements to reflect the change. Detail information about these adjustments can be found in Note 24.

##### b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year commencing 1 July that have a material impact on the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period:

###### (i) AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* was released in December 2014 and is mandatory for periods beginning on or after 1 January 2018. The Standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets. The financial assets held by the group include:

- Equity instruments currently classified as "available-for-sale" for which a fair value through other comprehensive income election is available;
- Equity instruments currently measured "at fair value through profit or loss" which would likely continue to be measured on the same basis under the standard;
- Loans and receivables currently measured at amortised cost using the effective interest rate method which would likely continue to be measured on the same basis under the standard.

Accordingly the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.



# **Eildon Capital Limited**

## **(formerly CVC Private Equity Limited)**

### **Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June 2016**

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#### **Note 1: Statement of Accounting Policies (Cont.)**

##### **b) Statement of Compliance(Cont.)**

(iii) *AASB 15 Revenue from contracts with customers*

AASB 15 *Revenue from contracts with customers* was released in October 2015 and is mandatory for periods beginning on or after 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Company does not expect the new standard to have any material impact on the timing of recognition of its revenues in the initial period of application.

##### **c) Cash and Cash Equivalents**

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

##### **d) Revenue Recognition**

###### ***Interest Income***

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 as at the end of the financial year.

###### ***Sale of Non-Current Assets***

The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, usually when a contract of sale becomes unconditional. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and in the case of “available-for-sale” assets will include any amount attributable to the asset which is included in reserves.

If the equity investment continues to be held as an “available-for-sale” asset, changes in its fair value will be recognised directly in other comprehensive income. This may impact the ability to directly compare financial information.

###### ***Fee Income***

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

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

###### ***Dividends and Other Income***

Revenue is recognised when the Company’s right to receive payment is established.

##### **e) Trade and Other Payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

##### **f) Trade and Other Receivables**

Trade and other receivables, which generally have 3 - 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, with any difference between cost and recoverable value being recognised in net income over the period on an effective interest basis.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.



# **Eildon Capital Limited**

## **(formerly CVC Private Equity Limited)**

### **Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June 2016**

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#### **Note 1: Statement of Accounting Policies (Cont.)**

##### **g) Investments and Other Financial Assets**

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, "held-to-maturity" investments, or "available-for-sale" investments. The classification depends on the purpose for which the investments were acquired. When financial assets are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, transaction costs. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

The purchase and sale of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of investments classified as "available-for-sale", a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for "available-for-sale" financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss and other comprehensive income – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as "available-for-sale" are not reversed through the statement of profit or loss and other comprehensive income.

##### **Associates**

Associates are those entities, other than partnerships, over which the Company exercises significant influence but not control. The Company generally deems it has significant influence if it has over 20% of the voting rights, but no more than 50%.

Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets in the associates. Following initial recognition the Company assesses whether it is necessary to recognise any impairment loss with respect to the investment in the associate.

The Company's equity accounted share of the associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

##### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### **"Available-for-Sale" Investments**

"Available-for-sale" investments are those non-derivative financial assets that are designated as "available-for-sale". After initial recognition "available-for-sale" investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of profit or loss and other comprehensive income.

The fair value of equity securities that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques, such as discounted cash flow analysis. Where fair value cannot be reliably measured investments are measured at cost.



# **Eildon Capital Limited**

## **(formerly CVC Private Equity Limited)**

### **Notes to the Financial Statements (Continued)**

**For the Year Ended 30 June 2016**

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#### **Note 1: Statement of Accounting Policies (Cont.)**

##### **g) Investments and Other Financial Assets (Cont.)**

###### ***“At fair value through profit or loss”***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition “at fair value through profit or loss” assets are measured at fair value with gains or losses being recognised in the statement of financial performance.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

##### **h) Income Tax and Other Taxes**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and tax losses can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in comprehensive income.

##### **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

##### **i) Contributed Equity**

Issued capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue or cancellation of shares are shown in equity as a deduction, net of tax, from proceeds.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 1: Statement of Accounting Policies (Cont.)

#### j) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### k) Share-based Payments

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the term of the plan.

#### l) Profit distribution reserve

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

#### m) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

### Note 2: Auditor's Remuneration

The auditor of the Company is HLB Mann Judd NSW Partnership.

	2016 \$	2015 \$
<i>Amounts received or due and receivable by the auditors for:</i>		
Audit and review of financial report		
HLB Mann Judd NSW Partnership	<u>33,500</u>	<u>38,000</u>

### Note 3: Income Tax

#### (a) Income tax expense

Accounting profit /(loss) before income tax	<u>2,072,236</u>	<u>(316,015)</u>
Income tax expense at the statutory income tax rate of 30%	621,671	(94,805)
Adjustment to income tax benefit due to:		
- Franked dividends received	(580,750)	(482,164)
- Non-deductible items	22	1,893
Income tax expense/(benefit) on profit for the year	<u>40,943</u>	<u>(575,076)</u>
Adjustments in respect of current income tax of previous years	121	-
Income tax expense/(benefit)	<u>41,064</u>	<u>(575,076)</u>



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

	2016 \$	2015 \$
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### Note 3: Income Tax (Cont.)

#### (a) Income tax expense (Cont.)

The major components of income tax expense are:

- Current income tax charge	772,204	-
- Deferred income tax	(731,261)	(575,076)
- Adjustments in respect of current income tax of previous years	121	-

Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	<u>41,064</u>	<u>(575,076)</u>
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Deferred tax benefit relating to items credited directly to equity	<u>23,180</u>	<u>248,578</u>
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#### (b) Deferred income tax

Deferred income tax balances at 30 June relates to the following:

	Included in income \$	2016 Included in equity \$	Total \$	Included in income \$	2015 Included in equity \$	Total \$
<b>Deferred tax assets</b>						
Provisions and accrued expenses	9,540	-	9,540	10,620	-	10,620
Impairment expenses	233,545	-	233,545	511,523	-	511,523
Tax losses	753,764	-	753,764	554,473	-	554,473
Other	127,078	15,749	142,827	190,611	1,102	191,713
	<u>1,123,927</u>	<u>15,749</u>	<u>1,139,676</u>	<u>1,267,227</u>	<u>1,102</u>	<u>1,268,329</u>
<b>Deferred tax liabilities</b>						
Equity accounted income	377,790	388,410	766,200	498,030	388,410	886,440
Other	-	20,702	20,702	758,670	29,235	787,905
	<u>377,790</u>	<u>409,112</u>	<u>786,902</u>	<u>1,256,700</u>	<u>417,645</u>	<u>1,674,345</u>

	2016 \$	2015 \$
<b>(c) Current Tax Assets</b>		
Income tax receivable		
Balance at the end of the year	<u>-</u>	<u>306,906</u>

<b>(d) Current Tax Liabilities</b>		
Income tax payable		
Balance at the end of the year	<u>700,378</u>	<u>-</u>



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

### Note 4: Dividends

A fully franked special dividend of 13 cents per share amounting to \$2,241,742 was declared on 18 January 2016 and paid 22 January 2016.

A fully franked interim dividend of 4 cents per share amounting to \$738,970 in respect of the period ended 31 December 2014 was declared on 23 February 2015 and paid on 13 April 2015.

A fully franked final dividend of 5 cents per share amounting to \$923,712 in respect of the financial year ended 30 June 2014 was declared on 30 September 2014 and paid on 13 October 2014.

	2016 \$	2015 \$
Dividend franking account:		
Franking credits available to shareholders for subsequent financial years	<u>1,955,218</u>	<u>1,729,839</u>

The franking account is stated on a tax paid basis. The balance comprises the franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the refund of overpaid tax instalments paid;
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year end;
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (e) franking credits that the entity may be prevented from distributing in subsequent years.

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

### Note 5: Notes to the Statement of Cash Flows

#### (a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

Cash at bank	16,456	1,022,014
Cash on deposit	-	6,425,650
	<u>16,456</u>	<u>7,447,664</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 5: Notes to the Statement of Cash Flows (Cont.)

#### (b) Reconciliation of profit after income tax to net cash from operations

	2016 \$	2015 \$
Net profit after tax	2,031,172	259,061
<i>Adjustments for:</i>		
Recovery of equity investment impairment	(1,470,471)	(338,215)
Net loss/(gain) on sale of equity investments	855,397	(25,818)
Impairment of financial assets	848,756	1,489,199
Share of equity accounted (profits)/losses	(399,200)	252,646
Non-cash employee share based payment	-	6,306
<i>Change in operating assets and liabilities:</i>		
Decrease/(increase) in other assets	1,411	(1,484)
(Increase)/decrease in interest receivables	(495,651)	7,003
(Increase)/decrease in GST	(2,333)	2,718
Decrease in dividend income	3,328,900	965,764
Decrease in payables	(526,132)	(15,922)
Decrease in deferred tax assets and liabilities	(731,139)	(575,075)
Decrease in sundry creditors and accruals	(3,600)	(1,604)
Increase/(decrease) in tax payable	1,007,284	(306,906)
Decrease/(increase) in financial assets at fair value through profit or loss	322,327	(485,790)
Net cash provided by operating activities	<u>4,766,721</u>	<u>1,231,883</u>

### Note 6: Trade and Other Receivables

#### Current:

Interest receivable	-	26,510
Goods and services tax	6,541	4,208
Dividends receivable	-	12,900
Prepayments	4,044	5,453
Other receivables(a)	-	3,163,500
	<u>10,585</u>	<u>3,212,571</u>

#### (a) Other receivables:

On 13 June 2014, The Company entered into an agreement with Ron Finemore Transport Pty Limited ("RFT") whereby RFT agreed to buy-back the Company's shareholding in RFT, progressively within the ensuing five years at a total consideration of \$8,949,137, increasing by approximately 8% per annum. The fair value of the receivable has been recognised based on a yield to maturity of 15% per annum. During the financial year, RFT bought back all outstanding shares held by the Company for total proceeds of \$3,770,716 (2015: \$1,600,063) on 14 August 2015.



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 7: Financial Assets – “Available for Sale”

	2016 \$	2015 \$
Current:		
Listed shares at market value (a)	<u>736,324</u>	<u>1,530,800</u>
Non-Current:		
Listed shares at market value (a)	-	3,149,291
Unlisted shares in other corporations (b)	-	911,491
	<u>-</u>	<u>4,060,782</u>

#### (a) Listed shares at market value:

The carrying value of certain investments in ASX listed companies has been determined by using the fair value approach. The closing bid-price at reporting date was determined to be an appropriate indication for the fair value of the investment.

#### (b) Unlisted shares in other corporations comprise:

##### *OurCrowd Portfolio*

During the 2015 financial year the Company invested US\$700,025 in a portfolio of 15 investments through OurCrowd, an equity-based crowdfunding platform, built exclusively for a select group of accredited investors to provide venture capital funding for global venture capital start-ups. The investment was valued at cost at an exchange rate of 0.7680 at 30 June 2015, which was equivalent to AU\$911,491 as at 30 June 2015. The investment was fully sold during the year.

### Note 8: Financial Assets – “At fair value through profit or loss”

Current:		
Listed shares at market value	<u>-</u>	<u>482,700</u>

### Note 9: Investments Accounted for Using the Equity Method

	Ownership Interest		Investment Carrying Amount	
	2016 %	2015 %	2016 \$	2015 \$
<b>Interest in ordinary shares of associate</b>				
Green's Food Holdings Pty Limited (a)	10	10	<u>-</u>	<u>3,975,109</u>

- (a) Green's Food Holdings Pty Limited is an Australian based company producing and distributing household food products. In June 2016, the directors of the Company decided to sell its shareholding in Green's Foods Holdings Pty Limited. On 16 September 2016 the Company entered into an agreement to sell its shareholding in Green's Foods Holdings Pty Limited (“Green's”) with settlement expected to occur on 30 September 2016. The Company expects to receive proceeds of approximately \$5.6 million at settlement but the final consideration receivable will be determined, and subject to adjustments, which could be either positive or negative, with reference to the actual final completion date balance sheet of Green's, to be prepared after completion.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

### Note 9: Investments Accounted for Using the Equity Method (Cont.)

#### Summarised financial information

The following table illustrates summarised financial information relating to the Company's associates:

	<b>Green's Food Holdings Pty Limited</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summarised balance sheet</b>		
Current assets	-	58,041
Non-current assets	-	57,303
	-	115,344
Current liabilities	-	77,381
Non-current liabilities	-	2,128
	-	79,509
<b>Net assets</b>	-	35,835
<b>Reconciliation to carrying amounts:</b>		
Opening net assets 1 July	-	32,744
Loss for the period	-	(2,526)
Movement in option reserve	-	12,947
Dividend paid	-	(6,030)
Return of capital	-	(1,300)
<b>Closing net assets</b>	-	35,835
The Company's share - percentage	<b>n/a</b>	10%
The Company's share - dollars	-	3,584
Goodwill	-	391
Carrying amount	-	3,975
<b>Summarised statement of comprehensive income</b>		
Revenue	210,552	192,384
<b>Net profit/(loss)</b>	3,992	(2,526)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	3,992	(2,526)
Dividends received	800	603



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 10: Assets Classified as Held for Sale

	2016 \$	2015 \$
<b>Non-current assets held for sale</b>		
Shares in unlisted corporation	<u>3,574,309</u>	<u>-</u>

In June 2016, the directors of the Company decided to sell its holding in Green's Foods Holdings Pty Limited. Refer Note 9.

### Note 11: Loans and Receivables

Current:

Secured loans to other corporations	13,048,683	609,758
Impairment of secured loans to other corporation	-	(304,879)
	<u>13,048,683</u>	<u>304,879</u>

When an entity does not pay a scheduled payment of principal and interest or management consider that there is evidence that an amount may not be recoverable then a review is conducted to determine if a loan is considered to be impaired. The carrying value of loans to other corporations has been determined in accordance with the repayment terms.

Movements in the provision for impairment loss were as follows:

Carrying amount at the beginning of the year	304,879	304,879
Loan repaid during the year	<u>(304,879)</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>304,879</u>

Further details of loans are set out in note 18.

### Note 12: Trade and Other Payables

Current:

Sundry creditors and accruals	<u>31,800</u>	<u>561,532</u>
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Trade and sundry creditors are non-interest bearing and are generally on 30 day terms.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

	2016 \$	2015 \$
<b>Note 13: Earnings per share</b>		
	Cents	Cents
Basic earnings per share	11.17	1.40
Diluted earnings per share	10.65	1.30
	\$	\$
Net profit attributable to shareholders used in calculation of basic and diluted earnings per share	<u>2,031,172</u>	<u>259,061</u>
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	18,190,520	18,532,575
Adjustments for calculation of diluted earnings per share:		
Options*	<u>878,823</u>	<u>1,352,092</u>
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>19,069,343</u>	<u>19,884,667</u>

**\*Options**

Options granted to employees under the Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive, and for the period in which they existed.

**Note 14: Contributed Equity**

	2016 Number of shares	\$	2015 Number of shares	\$
Issued and paid up share capital:				
Ordinary shares fully paid	<u>17,244,172</u>	<u>14,885,446</u>	<u>18,474,249</u>	<u>18,001,875</u>
<b>Ordinary shares:</b>				
Balance at the beginning of the year	18,474,249	18,001,875	19,082,502	18,554,668
Exercise of share options	2,650,000	1,722,500	-	-
Shares bought back	(3,880,077)	(4,539,690)	(608,253)	(547,428)
Options bought back	-	(260,000)	-	-
Transaction costs of share buy back	-	(58,357)	-	(5,365)
Income tax on share transaction costs	-	19,118	-	-
Balance at the end of the year	<u>17,244,172</u>	<u>14,885,446</u>	<u>18,474,249</u>	<u>18,001,875</u>

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



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 14: Contributed Equity (Cont.)

Total capital of the Company is as follows:

	2016 \$	2015 \$
Total equity	<u>17,006,953</u>	<u>20,353,863</u>
Net assets per share	<u>0.99</u>	<u>1.10</u>

The Company is not subject to any externally imposed capital requirements. Management's objective has changed from achieving returns for shareholders commensurate with the risks associated with private equity investing in Australia to achieving returns for shareholders commensurate with the risks associated with property funding in Australia.

A fully franked special dividend of 13 cents per share amounting to \$2,241,742 was declared on 18 January 2016 and paid 22 January 2016.

During the financial year the Company undertook an equal access share buy-back on 22 December which resulted in 3,880,077 shares and 500,000 options bought back.

A fully franked interim dividend of 4 cents per share amounting to \$738,970 in respect of the period ended 31 December 2014 was declared on 23 February 2015 and paid on 13 April 2015.

A fully franked final dividend of 5 cents per share amounting to \$923,712 in respect of the financial year ended 30 June 2014 was declared on 30 September 2014 and paid on 13 October 2014.

### Note 15: Retained Earnings

Retained earnings at the beginning of the year	(5,483,508)	(5,483,508)
Net profit attributable to members	2,031,172	259,061
Transfers to profit distribution reserve	(2,031,172)	(259,061)
Retained earnings at the end of the year	<u>(5,483,508)</u>	<u>(5,483,508)</u>

### Note 16: Profit Distribution Reserve

Profit distribution reserve at the beginning of the year	6,845,528	8,249,149
Transfers from retained earnings	2,031,172	259,061
Transfer from other reserves	15,463	-
Dividend paid	(2,241,742)	(1,662,682)
Profit distribution reserve at the end of the year	<u>6,650,421</u>	<u>6,845,528</u>

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 17: Other Reserves

	Market Value Reserve	Foreign Exchange Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2016</b>				
At the beginning of the year	23,369	44,846	921,753	989,968
Increase in fair value of investments	69,006	-	-	69,006
Income tax effect on increase in fair value of investments	(20,702)	-	-	(20,702)
Amount transferred from other reserves to other comprehensive income on sale	(33,384)	(64,066)	-	(97,450)
Income tax effect on amount transferred from other reserves to other comprehensive income on sale	10,015	19,220	-	29,235
Share based payments	-	-	(15,463)	(15,463)
<b>At the end of the year</b>	<b>48,304</b>	<b>-</b>	<b>906,290</b>	<b>954,594</b>
<b>Year ended 30 June 2015</b>				
At the beginning of the year	394,489	-	9,157	403,646
Equity accounted share of reserves	-	-	906,290	906,290
(Decrease)/increase in fair value of investments	(403,181)	64,066	-	(339,115)
Income tax effect on (decrease)/increase in fair value of investments	120,954	(19,220)	-	101,734
Amount transferred from other reserves to other comprehensive income on sale	(126,991)	-	-	(126,991)
Income tax effect on amount transferred from other reserves to other comprehensive income on sale	38,098	-	-	38,098
Share based payments	-	-	6,306	6,306
<b>At the end of the year</b>	<b>23,369</b>	<b>44,846</b>	<b>921,753</b>	<b>989,968</b>

### Nature and purpose of reserve

#### *Market value reserve*

The market valuation reserve is used to record increments and decrements in the fair value of "available-for-sale" financial assets to the extent that they offset one another.

#### *Foreign Exchange Reserve*

The foreign exchange reserve includes exchange differences arising on translation of foreign entities where their functional currency is different to the presentation currency of the Company.

#### *Share based payments reserve*

The share based payments reserve is used to record the value of share based payments for the Company and associate entity provided to key management personnel.



# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

#### Note 18: Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including market price risk and interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of the Company. There have been no significant changes in the types of financial risks or the Company's risk management program (including methods used to measure the risks) since the prior year.

#### (a) Interest Rate Risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

	Note	Floating interest rate \$	Fixed interest rate 1 year or less \$	1 to 5 years \$	Non- interest bearing \$	Total \$
<b>2016</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5	16,456	-	-	-	16,456
Trade and other receivables	6	-	-	-	10,585	10,585
Loans and receivables	11	-	13,048,683	-	-	13,048,683
		<u>16,456</u>	<u>13,048,683</u>	<u>-</u>	<u>10,585</u>	<u>13,075,724</u>
<b>Financial liabilities</b>						
Trade and other payables	12	-	-	-	31,800	31,800
		<u>-</u>	<u>-</u>	<u>-</u>	<u>31,800</u>	<u>31,800</u>
<b>2015</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5	1,022,014	6,425,650	-	-	7,447,664
Trade and other receivables	6	-	3,163,500	-	49,071	3,212,571
Loans and receivables	11	-	-	-	304,879	304,879
		<u>1,022,014</u>	<u>9,589,150</u>	<u>-</u>	<u>353,950</u>	<u>10,965,114</u>
<b>Financial liabilities</b>						
Trade and other payables	12	-	-	-	561,532	561,532
		<u>-</u>	<u>-</u>	<u>-</u>	<u>561,532</u>	<u>561,532</u>

The Company holds a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk the Company typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. Interest bearing loans and receivables are made at a mix of fixed and floating rates.

# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

#### Note 18: Financial Instruments (Cont.)

##### (a) Interest Rate Risk (Cont.)

###### *Sensitivity*

As the Company expects interest rates to decrease by 50 basis points during the 2017 financial year (2016: stay the same), at reporting date the impact for the 2016 financial year on the Company, with all other variables held constant, would be:

	Decrease of 50 bp \$
<b>2016</b>	
Net loss	38,108
Equity decrease	38,108

##### (b) Market Price Risk

At reporting date the Company has investments in listed securities which could be adversely affected if general equity markets were to decline. The Company also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals.

###### *Sensitivity*

###### **Listed Securities**

If equity prices had been 10% higher/(lower) while all other variables were held constant the impact net of tax would be:

	Increase of 10% \$	Decrease of 10% \$
<b>2016</b>		
Net profit/(loss)	-	-
Equity increase/(decrease)	<u>51,543</u>	<u>(51,543)</u>
<b>2015</b>		
Net profit/(loss)	33,789	(33,789)
Equity increase/(decrease)	<u>289,995</u>	<u>(289,995)</u>

##### (c) Credit Risk Exposure

Credit risk refers to the loss that the Company would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent the Company's maximum exposure to credit risk at reporting date. The Company seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and seek collateral with a value in excess of the counterparty's obligations to the Company, providing a "margin of safety" against loss.

The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days. At reporting date there are no overdue trade debtors.



# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

#### Note 18: Financial Instruments (Cont.)

##### (c) Credit Risk Exposure (Cont.)

The credit quality of financial assets that are neither past due nor impaired is as follows:

	2016 \$	2015 \$
Cash and cash equivalents – investment grade	<u>16,456</u>	<u>7,447,664</u>
Trade and other receivables		
Government	6,541	4,208
Other – investment grade	-	26,510
Other – unrated	<u>4,044</u>	<u>3,181,853</u>
	<u>10,585</u>	<u>3,212,571</u>
Loans and receivables		
Other – unrated	<u>13,048,683</u>	<u>304,879</u>
Current tax asset		
Government	<u>-</u>	<u>306,906</u>

##### (d) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. The Company continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual liabilities.

	Less than 6 months \$	Total \$
<b>2016</b>		
Trade and other payables	<u>31,800</u>	<u>31,800</u>
<b>2015</b>		
Trade and other payables	<u>561,532</u>	<u>561,532</u>

# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

#### Note 18: Financial Instruments (Cont.)

##### (e) Currency Risk

Currency risk is measured using sensitivity analysis. The Company makes investments that are exposed to a decline in the values of those currencies relative to the Australia dollar. Considering the quantum of the investments in absolute terms as well as relative terms compared to the Company's total investment portfolio it is not cost-effective to hedge against foreign exchange fluctuations.

##### Foreign currency sensitivity

The Company is exposed to the US dollar (USD). The following table details the Company's sensitivity to a 10% change in the Australian dollar against US dollar with all other variables held constant as at reporting date. A positive number indicates an increase in net profit/equity.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

	Increase in AUD of 10%	Decrease in AUD of 10%
	\$	\$
<b>USD</b>		
<b>2016</b>		
Net profit/(loss)	n/a	n/a
Equity increase/(decrease)	n/a	n/a
<b>2015</b>		
Net profit/(loss)	-	-
Equity increase/(decrease)	(127,488)	86,397

##### (f) Fair Value of Financial Assets and Liabilities

The fair values of the financial assets and liabilities of the Company are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.



# Eildon Capital Limited

## (formerly CVC Private Equity Limited)

### Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

#### Note 18: Financial Instruments (Cont.)

##### (f) Fair Value of Financial Assets and Liabilities (Cont.)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1) \$	Valuation technique – market observable inputs (Level 2) \$	Valuation technique – non market observable inputs (Level 3) \$	Total \$
<b>Year ending 30 June 2016</b>				
<b>Financial assets</b>				
<b><i>"Available-for-sale" investments</i></b>				
Listed shares at market value	736,324	-	-	736,324
<b><i>Loans and receivables</i></b>				
Secured loan to other corporation	-	-	13,048,683	13,048,683
<b>Total financial assets</b>	<u>736,324</u>	<u>-</u>	<u>13,048,683</u>	<u>13,785,007</u>
<b>Year ending 30 June 2015</b>				
<b>Financial assets</b>				
<b><i>"Available-for-sale" investments</i></b>				
Listed shares at market value	4,680,091	-	-	4,680,091
Unlisted shares in other corporation	-	-	911,491	911,491
<b><i>"Fair value through profit or loss" investments</i></b>				
Listed shares at market value	482,700	-	-	482,700
<b><i>Loans and receivables</i></b>				
Secured loan to other corporation	-	-	304,879	304,879
<b>Total financial assets</b>	<u>5,162,791</u>	<u>-</u>	<u>1,216,370</u>	<u>6,379,161</u>

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

### Note 18: Financial Instruments (Cont.)

#### (f) Fair Value of Financial Assets and Liabilities (Cont.)

Reconciliation of Level 3 fair value movements:

	2016 \$	2015 \$
<b>Balance at the beginning of the year</b>	<b>1,216,370</b>	<b>304,879</b>
Shares purchased	-	847,425
Shares sold	(995,733)	-
Loans repaid	(304,879)	-
Loan provided	12,605,651	-
Interest	443,032	-
Gain recognised in other income	148,308	-
(Losses)/gain recognised in other comprehensive income	(64,066)	64,066
<b>Balance at the end of the year</b>	<b>13,048,683</b>	<b>1,216,370</b>

There is no quantitative information for level 3 financial instruments. The fair value has been determined based on either acquisition cost, which is considered to be a reasonable reflection of fair value or the terms of the loan agreement.

### Note 19: Segmental Information

The Company operates in Australia as an investment company.

### Note 20: Related Party Information

#### 20.1 Key management personnel

Post-employment benefits – superannuation	<u>15,000</u>	<u>15,000</u>
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Detailed remuneration disclosures are provided in the remuneration report.



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 20: Related Party Information (Cont.)

#### 20.2 Transactions with related parties

The Company pays management fees to its investment manager. CVC Managers Pty Limited was investment manager until 23 November 2015 and charged management fees at 2.5% of the higher of the net assets of the Company or capital raised by the Company at the end of the previous financial year. Effective 31 December 2010 the investment manager agreed to reduce the annual management fees to a pro-rata \$181,818 per annum. During the year management fees of \$71,717 (2015: \$181,818) were paid to CVC Managers Pty Limited. Messrs Beard and Read were also directors of CVC Managers Pty Limited during the year.

On 23 November 2015 shareholders approved a restructure of the Company which included the change of the investment manager to Eildon Funds Management Limited. Monthly management fees have been calculated as 1/12 of 0.75% of the net asset value plus 1/12 of 1% of invested capital of the Company, calculated as at the last day of the previous month, provided that each month the management fee shall not be less than \$15,000. Management fees of \$154,850 (2015: \$nil) were paid to Eildon Funds Management Limited during the financial year. Messrs Beard, Avery and Hunter are directors of Eildon Funds Management Limited.

#### 20.3 Loans to key management personnel

There were no loans to key management personnel during the year or existing at the end of the financial year.

#### 20.4 Share-based payments to key management personnel

The Company has an Option Plan which was approved by shareholders on 26 November 2012. An option not exercised at the end of the term will lapse. The maximum number of options available to be issued under the plan is 3,700,000.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share of the Company.

The following is a summary of options granted under the plan.

Grant Date	Exercise Date	Exercise Price (cents)	Balance at start of year	Exercised during the year	Buy-back during the year	Balance at end of year	Vested
<b>Year ended 30 June 2016</b>							
16 Jan 2013	15 Jan 2016	65.0	3,150,000	(2,650,000)	(500,000)	-	-
<b>Year ended 30 June 2015</b>							
16 Jan 2013	15 Jan 2016	65.0	3,150,000	-	-	3,150,000	3,150,000

The assessed fair value per option at grant date is allocated equally over the period from grant date to vesting date.

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued) For the Year Ended 30 June 2016

### Note 20: Related Party Information (Cont.)

#### 20.4 Share-based payments to key management personnel (Cont.)

Options issued to key management personnel were as follows:

	Exercise Price (cents)	Balance at start of year	Granted during the year	Exercised during the year	Buy-back during the year	Lapsed during the year	Balance at end of year
ADH Beard	65.0	1,200,000	-	(1,200,000)	-	-	-
EG Kaplan	65.0	1,200,000	-	(1,200,000)	-	-	-
JA Hunter	65.0	250,000	-	-	(250,000)	-	-
MJBower	65.0	250,000	-	-	(250,000)	-	-

All the above options were either exercised or bought back during the year. The fair value per option has been determined by using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options are calculated as being 0.6 cents per option. Further terms and conditions include:

Price of the underlying shares - 62.66 cents;

Implied volatility - 5.28%;

The exercise price is adjusted for corporate actions; and

Risk-free interest rate for the life of the options – 3.25%.

#### Note 21: Contingent Liabilities

Commencing 1 January 2016 a performance fee is payable to Eildon Funds Management Limited where the Company achieves an annual return during the calculation period of greater than the hurdle rate of 9% per annum. The performance fee payable is calculated as 20% of the increase in the share price of the Company in excess of the 9% hurdle rate, after factoring in dividends, other distributions and capital returns.

A performance fee is not payable for the 2016 financial year.

#### Note 22: Other Information

The Company was incorporated on 23 February 1993. The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Level 6, 1 Alfred Street, Sydney, NSW 2000.

#### Note 23: Subsequent Events

On 4 July 2016 a \$2.0 million payment was received in relation to a \$4.0 million loan facility that has a maturity date of 17 February 2017. All remaining listed investment were sold subsequent to year end. This included the sale at market value of Mitchell Services Limited (ASX: MSV), Prime Media Group Limited (ASX: PRT) and Raptis Group Limited (ASX: RPG) on 5 August 2016 to CVC Limited generating \$0.8 million.

On 16 September 2016 the Company entered into an agreement to sell its shareholding in Green's Foods Holdings Pty Limited ("Green's") with settlement expected to occur on 30 September 2016. The Company expects to receive proceeds of approximately \$5.6 million at settlement but the final consideration receivable will be determined, and subject to adjustments, which could be either positive or negative, with reference to the actual final completion date balance sheet of Green's, to be prepared after completion.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 30 June 2016.



# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2016

### Note 24: Amendment to Prior Year Financial Statements

Following the restructure of the company CVC Limited increased its shareholding in the Company to 68.9% on 22 December 2015. It was determined that it would be more appropriate to change the accounting treatment of Green's Foods Holdings Pty Limited (Green's) from AASB 139 *Financial Instruments: Recognition and Measurement* to AASB 128 *Investments in Associates and Joint Ventures*, and to account for the Company's share of the movement in profits and reserves of Green's.

The adjustment has been made by restating each of the affected financial statement line items for the prior period as follows:

	2015 \$	Increase/ (Decrease) \$	2015 (Restated) \$
<b>Statement of Financial Position (extract)</b>			
Financial assets - "available-for-sale"	5,081,091	(1,020,309)	4,060,782
Investments accounted for using the equity method	-	3,975,109	3,975,109
Deferred tax liabilities	(787,905)	(886,440)	(1,674,345)
<b>Net assets</b>	<b>18,285,503</b>	<b>2,068,360</b>	<b>20,353,863</b>
 Share option reserve	 15,463	 906,290	 921,753
Profit Distribution Reserve	5,683,458	1,162,070	6,845,528
<b>Total equity</b>	<b>18,285,503</b>	<b>2,068,360</b>	<b>20,353,863</b>
 <b>Statement of Profit or Loss and Other Comprehensive Income (extract)</b>			
Equity accounting income	-	(252,646)	(252,646)
Dividend	783,301	(602,974)	180,327
<b>Profit before income tax</b>	<b>539,605</b>	<b>(855,620)</b>	<b>(316,015)</b>
 Income tax expense	 318,390	 256,686	 575,076
<b>Net profit after tax</b>	<b>857,995</b>	<b>(598,934)</b>	<b>259,061</b>
<b>Total comprehensive income for the year</b>	<b>531,721</b>	<b>(598,934)</b>	<b>(67,213)</b>
 Basic earnings per share (cents)	 4.63	 (3.23)	 1.40
Diluted earnings per share (cents)	4.37	(3.07)	1.30

# Eildon Capital Limited (formerly CVC Private Equity Limited)

## Directors' Declaration

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In accordance with a resolution of the directors of Eildon Capital Limited (formerly CVC Private Equity Limited), we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporation Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney 22 September 2016.



**Mark Avery**  
Director



**Alexander Beard**  
Director



**EILDON CAPITAL LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

As lead auditor for the audit of the financial report of Eildon Capital Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



**Sydney, NSW**  
**22 September 2016**

**M D Muller**  
**Partner**

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**EILDON CAPITAL LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

To the members of Eildon Capital Limited:

We have audited the accompanying financial report of Eildon Capital Limited ("the company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

***Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements of the company comply with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**EILDON CAPITAL LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

**Opinion**

In our opinion:

- (a) the financial report of Eildon Capital Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



**HLB Mann Judd**  
**Chartered Accountants**

**Sydney, NSW**  
**22 September 2016**



**M D Muller**  
**Partner**