

16 August 2024

Appendix 4E - Preliminary Final Results announcement to the market

1. Period Covered:

Year ended 30 June 2024

2. Key Information

June 2024

June 2023

\$000

\$000

Shareholder's Net Worth Change over the year - before dividend payout

- Gain (Loss) in Investments / related	4,297	(1,620)
- Income Account during year	(6)	170
- New Capital	132	223
	4,423	(1,227)
Increase on Net Worth over previous year	25%	

Revenue from Ordinary Activities	1,247	1,261
<i>Change on previous year</i>	-1%	
Profit from Ordinary Activities after tax	(6)	170
<i>Change on previous year</i>	NA	
Profit from all Activities after tax	(6)	170
<i>Change on previous year</i>	NA	NA
Net Tangible Assets	21,437	17,464
Per Share (Cents)	68.5	56.3
<i>Change on previous year</i>	22%	
Amount of Dividend Proposed:	1.50 cents	1.45 cents
Amount of Franking expected:	100%	100%
Record Date for dividend entitlements	1 Nov 2024	4 Oct 2023
Payment Date for dividend	11 Nov 2024	13 Oct 2023
Dividend Reinvestment Plan	Suspended	Operating
Annual General Meeting Date:	20 Nov 2024	2 Nov 2023

Brief Explanation and background to the above results:

1. Directors report major increases in portfolio values of 29% over 2023 levels and increased operating revenues arising from higher dividends. Net income was reduced due to the accrual of a portfolio management performance fee. A higher dividend is again being paid.
2. The value of London City's 7% holding in **Fiducian Group** rose 28% over the year due to FID's excellent performance. The 8% held in **Excelsior Capital**, via an associated holding of 12.8%, rose markedly by 28% following the sale of its main business, CMI Electrical, for \$101 million. This rise occurred despite its Board failing to give any sale proceeds or franking credits to shareholders.
3. Legal action has been taken in the Federal Court of Australia seeking relief that Excelsior be wound up on just and equitable grounds and on grounds that Excelsior's affairs are being run contrary to the interests of its members or being oppressive or unfairly prejudicial to London City.
4. Since year end London City's portfolio value has risen by around \$1.4 million, after potential tax. On this basis the net tangible assets are estimated at 73.0 Cents per share.



3. Income Statement

[See Attached Account Supporting Information]

	June 2024	June 2023
	\$000	\$000
Revenues:		
Dividends Received	922	706
Interest Received	-	-
Proceeds - Trading Investments	325	555
Confidential Settlement - Net	-	-
Other	-	-
	1,247	1,261
Less Costs:		
Management Fee Payable - Base	(207)	(191)
" " " - Performance	(475)	(136)
Cost of Trading Investments	(324)	(538)
Litigation Expenses	(52)	
Other Expenses:	(195)	(226)
Profit (Loss) Before Tax:	(6)	170
Plus (Less) Income Tax Expense	-	-
Net Profit after Tax attributable to Members	(6)	170

4. Balance Sheet

[See Attached Account Supporting Information]

Shareholders Equity	21,437	17,464
Per Ordinary Share	\$ 0.685	\$ 0.563

5. Statement of Cash Flows

[See Attached Account Supporting Information]

6. Dividends Paid

Amount paid (\$000)	450	429
Date Paid	13 Oct 2023	14 Oct 2022
Per Share	1.450 cent	1.400 cent
Amount of Franking:	100%	100%

7. Dividend Reinvestment Plan

The company's Dividend Reinvestment Plan is suspended and will not operate this year.

8. Share Buy-back Programme

The company has no Share Buy-back programme presently operating.

9. Net Asset Backing Per Share at Year end:

Cents	68.5	56.3
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10. Retained Earnings

Balance at start of year	6,713	6,972
Profit (loss) after Tax for year	(6)	170
Less: Dividend Paid	(450)	(429)
Retained Earnings - year end	6,257	6,713

11. Details of entities over which control has been gained or lost during period.

There were no such entities.

12. Details of Associates

Name of Associate:	Imperial Pacific	Imperial Pacific
Percentage of ownership held by Imperial Pacific in	Limited	Limited
London City:	40.94%	40.47%

13. Other Information:

Issued Capital - shares on Issue:

Ordinary Shares	31,304,311	31,044,928
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14. Commentary on Results



(a) General

1. As indicated on the front page, London City had a significant rise in asset values
2. Federal Court Action is taking place with Excelsior Capital Limited
3. Dividend continues to be increased.

(b) Earnings Per Share:

Cents	(Note: No options exist)	(0.02)	0.56
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(c) Return to Shareholders

Profit after tax to Shareholders Equity at year end	-0.03%	0.97%
Profit after tax to Shareholders Equity at previous year end:	-0.03%	0.89%

15. Status - Audit:

1. The above Preliminary Final Report has been based on accounts which are in the process of being audited.
2. There are no items in dispute in relation to the accounts of the company.

Signed for and on behalf of the Board

Peter EJ Murray - Director and Chief Operating Officer

16 August 2024



Attachment

Notes and Supporting Information relating to Appendix 4E

(Preliminary Final Results for announcement to the market.)

For personal use only

London City Equities Limited

ABN 59 003 200 664



Income Statement for the year ended 30 June 2024

		2024	2023
		\$	\$
Revenue from ordinary activities	Notes 3	1,247,161	1,272,651
Other expenses from ordinary activities			
Management fees	4	(681,691)	(327,312)
Other Operating Expenses	4	(248,400)	(225,983)
		<u>(930,091)</u>	<u>(553,295)</u>
Cost of Trading Investments sold	4	(323,552)	(549,725)
Profit (Loss) from ordinary activities before tax		(6,482)	169,631
Income tax	5	-	-
		<u>-</u>	<u>-</u>
Profit (Loss) for Year		<u>(6,482)</u>	<u>169,631</u>

Earnings per share:

Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company.

Basic and Diluted earnings per share (Cents)	25	(0.02)	0.55
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The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
Profit (Loss) for Year		(6,482)	169,631
Other Comprehensive Income (Expense)			
Items that will not be recycled through the Income Statement:			
Net Realised and Unrealised Gain (Loss) for the period on securities in the Investment Portfolio:	14	4,295,701	(1,618,655)
Total Other Comprehensive Income (Expense)		4,295,701	(1,618,655)
Total Comprehensive Income (Expense) for the year		4,289,219	(1,449,024)

The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Balance Sheet as at 30 June 2024

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	6	19,758	17,587
Short Term Securities	7	-	275,774
Trade and other receivables	7	87,917	64,226
Total current assets		107,675	357,587
Non-current assets			
Investment Portfolio	8	22,844,902	17,295,813
Deferred Tax Assets	9	3,660,000	2,960,000
Total non-current assets		26,504,902	20,255,813
Total assets		26,612,577	20,613,400
Current liabilities			
Trade and other payables	10	699,281	213,344
Total current liabilities		699,281	213,344
Non-current liabilities			
Deferred Tax Liability - Investment Portfolio	11	4,476,000	2,934,000
Total liabilities		5,175,281	3,147,344
Net assets		21,437,296	17,466,056
Equity			
Share Capital	12	8,080,174	7,948,002
Realised Capital Gains Reserve	14 (a)	(6,732,895)	(6,732,895)
Unrealised Revaluation Reserve	14 (b)	13,833,869	9,538,168
Retained Profits	14 (c)	6,256,148	6,712,781
Total equity		21,437,296	17,466,056

The accompanying notes form part of these financial statements.

London City Equities Limited

ABN 59 003 200 664



Statement of Changes in Equity for the Year Ended 30 June 2024

	Notes	2024 \$	2023 \$
Total Equity at the beginning of the year		17,466,056	19,121,688
Transactions with Equity holders in their capacity as equity holders:			
Contributions/(Decrease) in Equity, net of transaction costs:	12	132,172	222,517
Dividends paid:	15	(450,151)	(429,125)
Total transactions with Equity holders in their capacity as equity holders:		(317,979)	(206,608)
Income and Expense for Year:			
Profit (Loss) for Year:		(6,482)	169,631
Other Comprehensive Income (Expense) Items:			
Net Realised Gain (Loss) for the period for stocks held on 30 June	14	4,295,701	(1,618,655)
Total other comprehensive income (including realised and unrealised gains and losses) for the year		4,295,701	(1,618,655)
Total Equity at the end of the year		21,437,296	17,466,056

The accompanying notes form part of these financial statements.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 1: Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB. The financial statements have been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

The Company has endeavoured to adopt "plain English" where possible to assist in information transparency.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless stated otherwise.

Basis of Accounting

London City Equities Limited is a listed public company incorporated and domiciled in Australia. It is a free standing company and its accounts are presented as such. The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with historical cost convention.

In the application of the Company's accounting policies described above, the Directors are required to evaluate estimates and judgments that may be incorporated into the financial statements. Estimates and associated assumptions are based on historical experience and assume a reasonable expectation of future events. Actual results may differ from these estimates.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2024. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation. Revisions to accounting policies are recognised in the period in which the estimate is revised.

(a) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to the unused tax losses. The rate of 30% has been adopted for these statements.

Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those differences and losses.

A tax provision is made for the unrealised gain or loss on Trading Portfolio securities valued at market value through the Income Statement. A Tax rate of 30% has been adopted.

Where non-current Investment Portfolio assets are adjusted for unrealised gains or losses at balance date in the Unrealised Revaluation Reserve an assessed deferred tax liability or asset is created to reflect the applicable tax, even though there may be no intention to dispose of those holdings. The tax sum is applied to the Unrealised Revaluation Reserve on one hand and the deferred tax liability or asset on the other.

(b) Investments

The Company has two discrete types of investments - the Trading Portfolio (Current Assets) and the Investment Portfolio (Non-Current Assets). The Company is a long term investor. All investments are initially recognised at the fair value of the consideration given. After initial recognition, investments (classified as either Trading or Investment) are measured at their fair value. Fair Value of listed securities is determined by reference to the last sale price at the close of business at balance date. Gains or losses on Trading Portfolio investments are recognised in the Income Statement. Gains or losses on Portfolio investments are recognised as a separate component of equity in the Unrealised Revaluation Reserve.

London City Equities Limited

Notes to the financial statements - 30 June 2024

Note 1: Summary of significant accounting policies (Cont'd)



(c) Non-Current Assets

The carrying amounts of all non-current assets other than investments are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

(d) Derivatives

To a large extent the company may be exposed to fluctuations in interest rates with its activities. It is not the policy of the company to use derivative financial instruments. The company does not hedge its exposure to interest rates.

(e) Financial Risk issues

The economic entity has in place risk management controls supervised by the Board and the Audit, Compliance and Risk Management Committee. Risk issues are explained further in Note 16 of the financial statements.

(f) Cash and cash equivalents

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

(g) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon meeting the relevant performance obligations.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable where invoiced. The net amount of GST recoverable from, or payable to the ATO is included with other payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are reported as operating cash flows.

(i) Leases

A lessee is required to recognise, the commencement date of the lease, the present value of the remaining non-cancellable lease payments as a lease liability on the statement of financial position with a corresponding right-of-us asset. The unwinding of the financial charge on the lease liability includes depreciation and an interest borrowing rate expense. The Company has assessed that it is not a party to any arrangements that are required to be accounted for as Leases under AASB 16.

(j) New Standards and interpretations not yet adopted.

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The reported results and position of the Company will not change on adoption of these pronouncements as they do not result in any changes to the Company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Company does not intend to adopt any of these pronouncements before their effective date.

(k) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 16 August 2024.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 2. Segmental information

The economic entity predominantly acted through the year as a strategic investor investing funds in Australia.

2024	Equity Investment	Other	Total
Revenue	\$	\$	\$
Investment /other revenue	1,247,161	-	1,247,161
Segment result			
Profit (loss) after tax	221,288	(227,771)	(6,483)
Segment assets	26,444,901	164,602	26,609,503
Segment liabilities	(5,095,543)	(76,664)	(5,172,207)
Net cash inflow from operating activities	743,620	(239,612)	504,008

2023	Equity Investment	Other	Total
Revenue	\$	\$	\$
Investment /other revenue	1,272,651	-	1,272,651
Segment result			
Profit (loss) after tax	374,791	(205,160)	169,631
Segment assets	20,471,587	141,813	20,613,400
Segment liabilities	(3,101,654)	(45,690)	(3,147,344)
Net cash inflow from operating activities	100,560	(148,564)	(48,004)

Note 3. Revenue

	2024	2023
From continuing operations	\$	\$
Interest - Other Corporations		
Dividends	922,014	705,956
Other Income		-
Sales - Trading investments	325,147	566,695
Total Operating Revenue	1,247,161	1,272,651

Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax expense includes the following specific expenses:

Expenses	2024	2023
Auditors Fees (Note 18)	25,050	16,800
Directors fees (Note 17)	100,000	104,766
Superannuation - Directors (Note 17)	8,985	14,728
Licence fee payable regarding premises	24,662	23,639
Management fees - associated company		
- Basic management fee	207,141	190,637
- Performance Fee	474,550	136,675
- Basic management fee (GST lost)		4,902
Legal and associated Litigation Costs	52,502	-
Unrealised Diminution in value - trading securities		6,301
Other Operating Expenses	37,201	54,847
Total Operating Expenses	930,091	553,295
Cost of Trading and other Investments sold	(323,552)	(549,725)
Operating Profit before Tax	(6,482)	169,631

(b) Individually significant items included above

Costs - Management fees - associated company	681,691	327,312
Costs - Litigation Expenses	52,502	-

London City Equities Limited

Notes to the financial statements - 30 June 2024 (Cont'd)



Note 5. Income Tax Expense

(a) The components of income tax credit (expense) comprise:

	2024	2023
Current Tax	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>

(b) The income tax credit (expense) for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit from ordinary activities before income tax expense	(6,482)	169,631
Income tax calculated at 30%	1,945	(50,889)
Less: Tax Effect of :		
- Recoupment of prior year losses	-	-
- Net Dividend Franking Credit re dividends	(1,945)	50,889
- Future income tax benefits arising in prior years not previously brought to account	-	-
Income tax benefit (expense)	<u>-</u>	<u>-</u>

(c) Amounts recognised directly in equity:

Decrease (Increase) in deferred tax asset relating to

(i) capital gains tax on the increase in unrealised losses in the Investment Portfolio	-	-
(ii) capital gains tax on realised loss in the Investment Portfolio	-	-
Net Movement	<u>-</u>	<u>-</u>

(d) Deferred tax assets not recognised

No future income tax benefit has been brought to account in the accounts in respect of estimated tax losses of approximately \$3,000,000 in 2024 (2023 - \$1,000,000). Estimated tax losses are

Revenue Losses	4,080,000	3,500,000
Capital Losses	9,340,000	9,000,000
	<u>13,420,000</u>	<u>12,500,000</u>

The tax losses have not been confirmed by the tax authorities. The taxation benefits will only be obtained if:-

- (i) Assessable income is derived of a nature and of amount sufficient to enable the benefit of the deductions to be realised;
- (ii) Conditions for deductibility imposed by the law complied with; and
- (iii) No changes in tax legislation adversely affect the realisation of the benefit and of the deductions.

It is noted that London City's present share portfolio holds substantial Unrealised Gains (Note 14).

Note 6. Current assets - Cash and cash equivalents

Cash at Bank and on Hand	19,758	17,587
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The above figures are the final balances of the statement of cash flows.

Note 7(a). Current assets - Trade and other receivables

Other debtors	87,617	62,286
Amounts due from Associated Entities	300	1,940
	<u>87,917</u>	<u>64,226</u>

Note 7(b). Current assets - Short Term Securities

Listed Bank Hybrid Floating Rate securities	<u>275,774</u>
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London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 8. Non current assets - Investment Portfolio

Listed investments

	2024	2023
Listed securities of corporations at market value	22,781,389	17,223,005

Unlisted investments

Unlisted securities of corporations at market value	63,513	72,808
	<u>22,844,902</u>	<u>17,295,813</u>

Note 9. Non current assets - Deferred Tax Assets

Recognised deferred tax assets are attributable to the following:

Tax Value of loss carry-forwards recognised:

Unrealised Capital Losses	3,600,000	2,900,000
Revenue Losses	60,000	60,000
	<u>3,660,000</u>	<u>2,960,000</u>

Note 10. Current liabilities - Trade and Other Payables

Unsecured liabilities

Sundry Creditors	153,884	91,380
Amounts payable to associated company	545,397	121,964
	<u>699,281</u>	<u>213,344</u>

Note 11. Non-current liabilities - Deferred Tax Liability

Deferred Tax Liabilities on Unrealised Gains in the Investment Portfolio

	4,476,000	2,934,000
	<u>4,476,000</u>	<u>2,934,000</u>

Note 12. Share Capital

(a) Issued capital

31,304,311 (2023: 31,044,928) fully paid ordinary shares

	8,080,174	7,948,002
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(b) Movement in ordinary share capital:

Balance at beginning of accounting period	7,948,002	7,725,485
Movements during year:	132,172	222,517
Balance at reporting date	<u>8,080,174</u>	<u>7,948,002</u>

(c) Movement in ordinary share numbers:

	Number	Number
Balance at beginning of accounting period	31,044,928	30,651,093
Movements 2023 - 2024:	259,383	393,835
Balance at reporting date	<u>31,304,311</u>	<u>31,044,928</u>

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll is entitled to one vote.

Note 13. Capital Management

The Company's objective in managing capital is to continue to provide shareholders with attractive investment returns over the medium to longer term through access to a steady stream of fully-franked dividends, minimal gearing and enhancement of capital invested. Its goals include paying dividends that, over time, grow faster than the rate of inflation.

The company recognises that its capital will fluctuate in accordance with market conditions and the performance of its underlying investments. It may adjust the amount of dividends paid, issue new shares from time to time, buy-back its own shares or sell assets to minimise debt. At present there is no share buy-back programme in operation. The company intends to pay dividends according to franked credits available.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 14. Reserves and retained profits

	2024	2023
(a) Realised Capital Gains Reserve	\$	\$
Balance - beginning of year	(6,732,895)	(6,732,895)
Gain (Loss) realised during year	-	-
Balance - year end	<u>(6,732,895)</u>	<u>(6,732,895)</u>
(b) Unrealised Revaluation Reserve		
Balance - beginning of year	9,538,168	11,156,823
Reverse Unrealised - Prior Year	(9,782,168)	(12,095,823)
Reverse Applicable Tax - Prior Year	2,934,000	3,629,000
Increase in Unrealised Gains	14,919,869	9,782,168
Provision for Tax on Unrealised Gains	(4,476,000)	(2,934,000)
Less: Unrequired Provision due to past tax losses	700,000	
Balance - year end	<u>13,833,869</u>	<u>9,538,168</u>
(c) Retained Profits		
Retained Profits at the start of the financial year	6,712,781	6,972,275
Net profit (loss) for the year	(6,482)	169,631
Dividends paid	(450,151)	(429,125)
Retained Profits at the end of the financial year	<u>6,256,148</u>	<u>6,712,781</u>

(d) Nature and purpose of reserves

Realised Capital Gains Reserve

The Realised Capital Gains Reserve records realisation gains or losses from the sale of non-current assets. The reserves may be used for the distribution of bonus shares to shareholders and is available for the payment of cash dividends as permitted by law.

Unrealised Revaluation Reserve

The Unrealised Revaluation Reserve is used to record increments and decrements on the revaluation of non-current Investment Portfolio assets, as described in the accounting policies and adjusted to reflect the applicable deferred tax liability or asset. It is then reduced according to future tax benefits.

Note 15. Dividends

(a) Status of dividends

Dividend paid - Fully Franked	13 Oct 2023	<u>(450,151)</u>
Total Dividends Paid		<u>(450,151)</u>
Proposed fully franked dividends		
- 1.45 Cents per share (Ordinary Div.)	11 Nov 2024	<u>(469,565)</u>

Note: The dividend recommended for October 2024 has not been accrued in the above accounts. A

Dividend Reinvestment Plan will not be operating this year.

(b) Franking credits

Franking credit tax component available for dividends in future years	900,000	800,000
Fully franked dividends possible at tax rate of 30%	<u>2,100,000</u>	<u>1,866,667</u>

Note: The above amounts represent the balance of the franking account as at the end of the financial year adjusted for franking credits and debits arising from payment of tax and receipt of franked dividends.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 16. Financial instruments and risk

A. Financial instruments - fair value of financial assets and liabilities

Accounting Standards require the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

2024 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	19,758			19,758
Short Term Securities	-			-
Receivables		84,844		84,844
Portfolio Investments	22,844,902			22,844,902
Financial liabilities				
Other creditors	(696,207)			(696,207)
2023 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	17,587			17,587
Short Term Securities	275,774			275,774
Receivables		64,226		64,226
Portfolio Investments	17,295,813			17,295,813
Financial liabilities				
Other creditors	(213,344)			(213,344)

B. Main Risk Considerations

London City's activities expose it to various financial risks, mainly market risk, credit risk and liquidity risk. Risk management is carried out by senior management under policies and strategies approved by the Board and the Audit, Compliance and Risk Management Committee. The company is not directly exposed to currency risk.

(a) Market Risk

This is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices that depend on many factors including economic conditions and corporate profitability. London City seeks to reduce market risk by adhering to the prudent investment guidelines of its Board, including guidelines in respect of industry status, investee position in industry, performance outlook, management skills and level of strategic shareholding acquired. Price and Interest Rate risks are shown below.

(a) (i) Price Risk

The company is exposed to equities securities price risk. This arises from investments held by the company and classified on the balance sheet as either Trading or Investment. London City is not directly exposed to commodity price risk or derivative securities risk.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 16. Financial instruments and risk (Cont'd)

Price Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a general increase and general fall in stock-market prices by 10%. The analysis is based on the assumption that the movements are spread equally over all assets in the Trading and Investment Portfolios.

	---- 2024 ----		---- 2023 ----	
	10.0% increase in market prices	10.0% decrease in market prices	10.0% increase in market prices	10.0% decrease in market prices
	\$	\$	\$	\$
Impact on Profit (Pre tax)	(22,845)	22,845	(17,305)	17,305
Impact on Equity (Pre tax)	2,284,490	(2,284,490)	1,730,468	(1,730,468)

(a) (ii) Interest Rate Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At balance date London City had a proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the company's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that London City does not have any interest bearing liabilities at balance date, the Board and management do not consider it necessary to hedge the group's exposure to interest rate risk.

Interest Rate Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a decrease and an increase in interest rates by 100 basis points (1.00%). The analysis is based on the assumption that the change is based on the amounts of cash at bank and cash on hand at year end.

	---- 2024 ----		---- 2023 ----	
	100 bps increase in Interest Rate	100 bps decrease in Interest Rate	100 bps increase in Interest Rate	100 bps decrease in Interest Rate
	\$	\$	\$	\$
Impact on profit (pre-tax)	198	(198)	176	(176)

(b) Credit Risk

The credit risk on the financial assets of an entity is the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This credit risk for London City is minimised by its policy of placing surplus funds with the company's bankers.

(b) (i) Cash and Cash Equivalents

The credit risk of London City in relation to cash and cash equivalents is in the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any time is no greater than 90 days. The credit quality of material deposits of cash and cash equivalents can be assessed by reference to external credit ratings.

Cash at bank and short-term bank deposits:

	2024	2023
AA -	19,758	17,587

(b) (ii) Trade and sundry receivables

The credit risk of the company in relation to trade and sundry receivables is their carrying amounts. The sums are minor and relate mainly to accrued interest and prepayments. The risk is mitigated by internal monitoring.

(c) Liquidity Risk

This risk is that experienced by an entity when it has difficulties meeting its financial obligations. London City has no external formal borrowings. It manages liquidity carefully, recognising dividend inflow timing and maturity balances of term deposits and marketable securities. London City's Board and management actively reviews its liquidity position on a regular basis to ensure that the company can always meet its commitments, including investment programmes.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 16. Financial instruments and risk (Cont'd)

(c) (i) Maturities of financial assets

The following table details London City's maturity periods of its financial assets. This table has been prepared based on the fair values of financial assets as at 30 June and according to the committed deposit maturing dates. Estimates are continually evaluated and are based on historical experience and expectations which are considered reasonable.

Maturity:	2024	2023
Immediate	19,758	17,587
To 30 Days	84,843	340,000
30 - 365 days	-	-
Longer Term	22,844,902	17,295,813

(c) (ii) Maturities of financial liabilities

The following table details the company's maturity periods of its financial liabilities. This table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which London City is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows.

Maturity:	2024	2023
To 30 Days	696,207	213,344
90 - 120 days	-	-
Longer Term	-	-

Note 17. Directors and Executives' Remuneration

The company has no executives. Its portfolio is managed by a Management Agreement with Imperial Pacific Asset Management Pty Limited. The basic management charge for 2024 was \$207,141 (2023 - \$190,637) and the performance fee accrued was \$474,550 (2023 - \$136,675).

(a) Names and positions held of directors and specified executives in office at any time during the financial year are:

Mr P E J Murray	- Chair and Chief Operating Officer
Mr DG Butel	- Director - Non-Executive
Mr LJ Joseph	#NAME?

(b) Directors' Remuneration:

2024	Salary, Fees Commissions	Primary Super Contributions	Post Employment	Other (Equity Options Etc)	Total
Mr P E J Murray	30,000	3,300	-	-	33,300
Mr D G. Butel	40,000	4,400	-	-	44,400
Mr LJ Joseph	30,000	3,300	-	-	33,300
	100,000	11,000	-	-	111,000

2023	Salary, Fees Commissions	Primary Super Contributions	Post Employment	Other (Equity Options Etc)	Total
Mr P E J Murray	35,000	3,675	-	-	38,675
Mr D G. Butel	40,000	4,200	-	-	44,200
Mr N E Schafer	9,616	1,010	-	-	10,626
Mr LJ Joseph	20,150	2,115	-	-	22,265
	104,766	11,000	-	-	115,766

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 17. Directors and Executives' Remuneration (Cont'd)

(c) Shareholdings

Number of Shares held by Directors and Specified Executives

	Balance 01-Jul-23	Received as Remuneration	Options Exercised	Net change *	Balance 30-Jun-24
Mr P E J Murray	14,640,621	-	-	251,803	14,892,424
Mr D G Butel	12,686,156	-	-	251,803	12,937,959
Mr LJ Joseph	12,643,880	-	-	254,042	12,897,922

* Net change refers to shares purchased, sold or resulting from relevant interest during the financial year

Note: Each holding includes 12,817,025 shares (2023 - 12,565,725 shares) held by Imperial Pacific Ltd.

(d) Remuneration Practices

1. The company has no executives.
2. The remuneration arrangements for directors are determined by the shareholders in general meeting. From time to time the Board may submit proposals to increase the fees, which are presently a maximum of \$125,000. The company has scope to remunerate Directors for special duties that may be requested on occasion.
3. There is a formal management agreement in place with Imperial Pacific Asset Management Pty Limited, a subsidiary of Imperial Pacific Limited. This was approved by shareholders on 22 November 2023 and provides for, inter alia, a term of 10 years from 22 November 2023 that continues until replaced. Fees are 1% of the portfolio value, together with possible performance fees of 15% of any gain achieved above the performance of the S&P ASX 300 Accum Index movement. The total basic fee payable during 2024 was \$207,141 (\$190,637 in 2023). In addition a performance fee of \$474,550 (\$136,675 in 2023) was accrued for 2024. This was payable due to the portfolio of the company outperforming the S&P ASX 300 Accumulated Index significantly.
4. Interests of Mr Murray were paid \$142,740 by Imperial Pacific Limited during 2024.
5. The company has a Remuneration Committee in operation.

Note 18. Auditor's remuneration

	2024	2023
Remuneration for audit review of the financial reports of the parent entity or any entity in the consolidated entity.	\$	\$
Cutcher & Neale - Assurance services	21,350	13,300
	<u>21,350</u>	<u>13,300</u>
Remuneration for other services		
Cutcher & Neale - Other compliance services	3,700	3,500
	<u>3,700</u>	<u>3,500</u>
	<u>25,050</u>	<u>16,800</u>

Note. London City's Audit, Compliance and Risk Management Committee oversees the relationship with the Auditors, including reviewing the scope of the audit and the proposed fee.

Note 19. Contingent liabilities

Directors report that there are minor bank guarantee arrangements regarding office rentals. Otherwise, the Directors of London City are not aware of any contingent liabilities that may impact on the company.

London City Equities Limited

Notes to the financial statements - 30 June 2024



Note 20. Capital and Leasing commitments

	2024	2023
(a) Capital Expenditure Commitments	\$	\$
There are no material capital commitments outstanding at year end.	0	0
(b) Licence Fee Arrangements - Premises		
Arrangement in relation to use of premises at the reporting date but not recognised as liabilities, payable		
Not later than one year	23,436	24,665
Between 1 & 2 years		23,436
Later than 2 years but not later than 5 years		
	<u>23,436</u>	<u>48,101</u>

These arrangements represent a premises use licence.

Note 21. Related parties

Directors

The names of persons who were Directors of London City Equities Limited at any time during the financial year were Mr P.E.J.Murray, Mr D.G.Butel and Mr L.J.Joseph. Each of these parties were directors of

associated company, Imperial Pacific Limited and its group companies during the year, including the subsidiary Imperial Pacific Asset Management Pty Ltd, the manager of London City's Portfolio.

Remuneration

Information on remuneration of directors is disclosed in Note 17.

Other related parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with other related parties, predominantly its associate Imperial Pacific Limited.:

Associated Entity - Imperial Pacific Limited Group	2024	2023
- Management Fee Payable (Basic)	(207,141)	(190,637)
- Management Fee Payable (Performance)	(474,550)	(136,675)
Amounts payable at balance date (to) by Imperial Pacific Limited Group	(542,882)	(120,024)
Purchase of Excelsior Capital Limited shares on 3 May 2024 at market value at the time.	-	(157,300)

Note 22. Economic dependency

The main trading activity of the company during the year was investment in equities, property and cash deposits. From time to time a significant strategic investment may be made which could influence its economic dependency. London City Equities owns 6.7% of the equity capital of Fiducian Group Limited, a financial services company and 8.0% of Excelsior Capital Limited, predominantly a cash box with a unit trust hedge type investments. Accordingly, London City has some dependency on the financial services and hedge type investment product sector. It has indirect dependence on interest rate levels.

Note 23. Events occurring after balance date

An Ordinary Dividend of 1.50 Cents per share has been proposed for payment in November 2024. This has not been provided for in the financial statements. Since balance date the value of the investment portfolio has improved in the order of \$1.4 million after potential tax.