

# VELOCITY PROPERTIES MANAGEMENT GROUP

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$
<b>Revenue</b>	790
Other income	-
<b>Expenses</b>	
Cost of sales	
Employee benefits expense	
Depreciation and amortisation expense	
Finance costs	(139,782)
Other expenses	<u>(255,961)</u>
<b>Loss before income tax expense for the year</b>	(394,953)
Income tax expense	<u>-</u>
<b>Loss after income tax expense for the year</b>	(394,953)
<b>Other comprehensive income</b>	-
<b>Total comprehensive loss for the year</b>	<u>(394,953)</u>

# VELOCITY PROPERTIES MANAGEMENT GROUP

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	2014 \$
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	136,464
Trade and other receivables	10,577
Trading stock	2,875,140
Prepayments and deposits	100,000
Total current assets	<u>3,122,181</u>
<b>Non-current assets</b>	
Other	3,355
Investment properties	-
Property, plant and equipment	-
Intangible assets	-
Total non-current assets	<u>3,355</u>
<b>Total assets</b>	<u>3,125,536</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade and other payables	250,793
Borrowings	454,753
Income tax	-
Employee Benefits	-
Total current liabilities	<u>705,546</u>
<b>Non-current liabilities</b>	
Borrowings	2,289,943
Deferred tax	-
Total non-current liabilities	<u>2,289,943</u>
<b>Total liabilities</b>	<u>2,995,489</u>
<b>Net assets</b>	<u>130,047</u>
<b>Equity</b>	
Issued capital	525,000
Retained profits	<u>(394,953)</u>
Equity attributable to the owners of Velocity Holdings Pty Ltd	130,047
Non-controlling interest	-
<b>Total Equity</b>	<u>130,047</u>

# VELOCITY PROPERTIES MANAGEMENT GROUP

## STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2014

	2014 \$
<b>Cash flows from operating activities</b>	
Receipts from customers	-
Payments to suppliers and employees	(2,739,325)
Interest received	790
GST recovered	130,303
Total cash flows used in operating activities	<u>(2,608,232)</u>
<b>Cash flows from investing activities</b>	
Payment for property, plant & equipment	-
Payment for investment properties	-
Total cash flows used in investing activities	<u>-</u>
<b>Cash flows from financing activities</b>	
Net proceeds from borrowings	2,744,696
Total cash flows from financing activities	<u>2,744,696</u>
Net increase in cash and cash equivalents	136,464
Cash and cash equivalents at the beginning of the year	<u>-</u>
Cash and cash equivalents at the end of the year	<u><u>136,464</u></u>

# VELOCITY PROPERTIES MANAGEMENT GROUP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

### **Note 1. Significant accounting policies**

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

#### **Basis of preparation**

These special purpose financial statements have been prepared on an accruals basis and using the historical cost convention, except for, where applicable, the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The special purpose financial statements are an aggregation of the following entities:

- Velocity Property Red Hill Pty Ltd
- Vue at Red Hill Pty Ltd
- Velocity Property Oxford Pty Ltd
- Velocity Property Hawthorne Pty Ltd
- Fusion 462 Pty Ltd

(together 'the group')

The financial statements incorporate the results and all the assets and liabilities of the group. The principles of consolidation were not applied in the preparation of these financial statements.

#### **Income Tax**

The group is subject to income taxes in the jurisdiction in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Income tax expense and deferred tax benefits were not recognised in the reporting period. Management determined it was prudent treatment in the first year to not recognise these entries whilst determining the future assessable taxable income of the group.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the statement of cash flow presentation purposes, where applicable, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in the current liabilities on the statement of financial position. The group had no bank overdrafts during the reporting period.

## **Trading Stock**

Trading stock is measured at the lower of cost and net realisable value. Costs include direct property purchase acquisition costs, consultants, construction, holding and finance costs incurred from when the land is acquired until the project is fully developed and sold.

Net realisable value is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. This assessment reflects current market assessments and previous experience. It is also based on the the group's intentions in the planned manner of disposal of the asset, either through development and sale or disposal of the property as is.

The group periodically assesses whether trading stock is held at the lower of cost or net realisable value with an estimate made at least at each reporting date. Where the carry amount of trading stock exceeds the net realisable value, a provision is raised to reduce its value to net realisable value. Possible reversals of the provision occur whenever an event of change in circumstance indicates that the impairment may be reversed.

## **Trade and other payables**

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

## **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Brendon Ansell', is written over a horizontal line.

Brendon Ansell - Director  
24 October 2016  
Brisbane

## Independent Auditor's Report

To the management of Velocity Properties Management Group

### **Report on the financial statements**

We have audited the accompanying financial report of Velocity Properties Management Group, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared in accordance with the accounting policies detailed in Note 1.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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 Australian Professional Accounting Bodies.

## Opinion

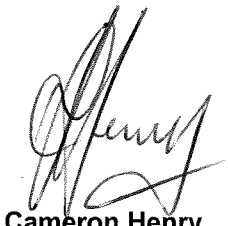
In our opinion, the financial statement presents fairly, in all material respects, the financial position of Velocity Properties Management Group as at 30 June 2014, and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information for the purposes of disclosure in a Prospectus document. As a result, the financial statement may not be suitable for another purpose.



**Crowe Horwath Brisbane**



**Cameron Henry**

Partner

Signed at Brisbane, 24 October 2016