



Special Purpose Financial Report

Community Training Initiatives Pty Ltd

ABN 61 157 767 881

30 June 2014

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Directors' Report

Your Directors present their report on the Company for the financial year ended 30 June 2014.

The names of the Directors in office at any time during or since the end of the year are:

- Ivan Robert Brown
- Atkinson Prakash Charan

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results

The profit of the Company for the financial year after providing for income tax amounted to \$1,371,684 (2013: \$597,976).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the financial year were the provision of employment, education and training services.

There have been no significant changes in the nature of these activities during the year.

Events arising since the end of the reporting period

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

Future development, prospects and business strategies

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

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

Indemnifying Officers or Auditors

No indemnities have been given, during or since the end of the financial period, for any person who is or has been an officer or auditor of Community Training Initiatives Pty Ltd.

The company has paid premiums to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the company, other than conduct involving a wilful breach of duty in relation to the company.

Directors' Report

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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

A handwritten signature in dark ink, appearing to be 'Ivan Brown', written over a horizontal line.

Ivan Brown
Director

Dated this 11th day of September 2014

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue	2	17,384,154	7,958,489
Employee benefit expense		(3,000,176)	(544,854)
Impairment of financial asset		(61,364)	(70,975)
Depreciation and amortisation expense	3	(86,273)	(6,353)
Professional Fees		(27,070)	-
Training / Business development fees		(4,077,660)	(2,295,285)
Sponsorship expenses		(596,230)	(102,238)
Occupancy Expense		(123,238)	(54,824)
Management Fees		(6,171,382)	(3,384,000)
Other expenses		(1,281,177)	(619,767)
Profit from continuing operations before income tax		1,959,584	880,192
Income tax (expense)	4	(587,900)	(282,216)
Profit from continuing operations after income tax		1,371,684	597,976
Total comprehensive income for the year		1,371,684	597,976

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2014

	Notes	2014 \$	2013 \$
Assets			
Current			
Cash and cash equivalents	5	2,808,793	440,734
Trade and other receivables	6	2,050,168	152,369
Work in progress		3,722,094	901,658
Income tax receivable	11	24,932	-
Financial assets	7	83,400	84,610
Total Current Assets		8,689,387	1,579,371
Non-Current			
Deferred tax asset	11	358,868	4,346
Property, plant and equipment	8	208,360	48,875
Intangible asset	9	382,101	-
Total Non-Current Assets		949,329	53,221
Total Assets		9,638,716	1,632,592
Liabilities			
Current			
Trade and other payables	10	6,258,788	517,993
Income tax payable	11	-	30,151
Short term provisions		92,153	14,487
Total Current Liabilities		6,350,941	562,631
Non-Current Liabilities			
Deferred tax liability	11	1,116,627	270,497
Total Non-Current Liabilities		1,116,627	270,497
Total Liabilities		7,467,568	833,128
Net Assets		2,171,148	799,464
Equity			
Issued capital		100	100
Retained earnings		2,171,048	799,364
Total Equity		2,171,148	799,464

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

as at 30 June 2014

	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2012	-	201,388	201,388
Total comprehensive income for the year	-	597,976	597,976
Transactions with owners in their capacity as owners:			
Contributions of equity on incorporation	100	-	100
Balance at 30 June 2013	100	799,364	799,464
Balance at 1 July 2013	100	799,364	799,464
Total comprehensive income for the year	-	1,371,684	1,371,684
Balance at 30 June 2014	100	2,171,048	2,171,148

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash Flow from Operating Activities			
Receipts from customers		14,143,949	7,192,155
Income Tax paid		(151,375)	(84,850)
Payment to suppliers and employees		(13,363,715)	(6,510,738)
Net cash provided by operating activities	13	628,859	596,567
Cash Flow from Investing Activities			
Payment for financial assets		(60,154)	(155,585)
Payment for intangible assets		(447,114)	-
Payment for property, plant and equipment		(180,745)	(52,369)
Net cash used in investing activities		(688,013)	(207,954)
Cash Flow from Financing Activities			
Net proceeds from Related party borrowings		2,427,213	-
Net cash provided by financing activities		2,427,213	-
Net increase in cash held		2,368,059	388,613
Cash at beginning of year		440,734	52,121
Cash at end of year	5	2,808,793	440,734

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the directors and members of the Company. The Directors have determined that the Company is not a reporting entity because there are no users dependent on a general purpose financial report.

Community Training Initiatives Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations.

Basis of preparation

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Cost is based on the fair value of the consideration given in exchange for the assets.

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

Adoption of new and revised accounting standards

Community Training Initiatives Pty Ltd has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted.

Accounting policies

Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Class of Fixed Asset	Depreciation Rate
Computers	2.5% - 20% straight line method
Office Equipment	25%-33% straight line method
Furniture	10%-50% straight line method

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amounts of an asset and is recognised in the income statement.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Intangible Assets - Training materials

Training material expenditure is carried forward when its future recoverability can reasonably be regarded as assured and the expenditure can be reasonably measured.

An intangible asset arising from the creation of training materials are recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to reliably measure the expenditure attributable to the intangible asset.

Following the initial recognition of the intangible asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected benefit from the materials. The capitalised expenditure is amortised over two years.

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Cash and cash equivalents

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

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Work in progress

Work in progress represents supply of services which have not been invoiced to clients with reference to the stage of completion of the services at balance date.

Revenue

Service revenue is revenue relating to the provision of services which is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the work can be reliably estimated. Stage of completion is determined with reference to the services performed to date.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the income has been established. All revenue is stated net of the amount of goods and services tax (GST).

Financial assets

Recognition and initial measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Recognition and initial measurement

Financial assets are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial assets are classified and measured as set out below.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair values are included in income statement in the period in which they arise.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm length transactions, reference to similar instruments and option pricing models.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

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

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Notes to the Financial Statements

for the year ended 30 June 2014

2. Revenue

	2014 \$	2013 \$
Sales revenue:		
- Service revenue	17,384,154	7,958,489
Total Revenue	17,384,154	7,958,489

3. Profit before income tax

	2014 \$	2013 \$
Expenses		
Operating activities		
Depreciation and amortisation of non-current assets:		
- Training materials	66,056	-
- Plant and equipment	20,217	6,353
	86,273	6,353

4. Income tax expense

	2014 \$	2013 \$
The components of tax expense comprise:		
- Current tax	96,292	11,719
- Deferred tax	491,608	270,497
	587,900	282,216

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense is as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	587,875	264,058
Add tax effect of:		
- Non-allowable items	25	18,158
Income tax expense attributable to profit from ordinary activities	587,900	282,216

Notes to the Financial Statements

for the year ended 30 June 2014

5. Cash and cash equivalents

	2014 \$	2013 \$
Cash on hand	50	50
Cash at bank	2,808,743	440,684
	<u>2,808,793</u>	<u>440,734</u>

6. Trade and other receivables

	2014 \$	2013 \$
Current		
Trade receivables	316,504	-
Other assets	224,810	121,546
Related party receivables	1,508,854	30,823
	<u>2,050,168</u>	<u>152,369</u>

7. Financial assets

	2014 \$	2013 \$
Current		
Investment - Share Market	83,400	84,610

8. Property, plant and equipment

	2014 \$	2013 \$
Furniture - at cost	64,232	13,166
Less: Accumulated depreciation	(6,558)	(653)
	<u>57,674</u>	<u>12,513</u>
Office and Computer Equipment - at cost	170,697	39,203
Less: Accumulated depreciation	(20,012)	(2,841)
	<u>150,686</u>	<u>36,362</u>
	<u>208,360</u>	<u>48,875</u>

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

	Furniture \$	Office & Computer \$	Total \$
Opening as at 1 July 2013	12,513	36,362	48,875
Additions	51,066	128,636	179,702
Depreciation	(5,905)	(14,312)	(20,217)
Closing as at 30 June 2014	<u>57,674</u>	<u>150,686</u>	<u>208,360</u>

Notes to the Financial Statements

for the year ended 30 June 2014

	2014 \$	2013 \$
9. Intangible Assets		
Training material - at cost	448,157	-
Less: Accumulated amortisation	(66,056)	-
	382,101	-

10. Trade and other payables

	2014 \$	2013 \$
Current		
Trade payables	1,102,876	8,174
Related party payable	3,905,244	-
Other payables and accruals	1,250,668	509,819
	6,258,788	517,993

11. Tax

	2014 \$	2013 \$
ASSETS		
Current		
Current tax receivable	24,932	-
Non Current		
Deferred tax asset	358,868	4,346
Total	383,800	4,346
LIABILITIES		
Current		
Current tax liability	-	30,151
Non Current		
Deferred tax liability	1,116,627	270,497
Total	1,116,627	300,648

12. Contingent liabilities

There are no outstanding contingent liabilities.

Notes to the Financial Statements

for the year ended 30 June 2014

13. Cash flow information

	2014	2013
	\$	\$
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	2,808,793	440,734
b) Reconciliation of Cash Flow from Operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	1,371,684	597,976
Non-cash flows in profit from ordinary activities:		
- Impairment of financial assets	61,364	70,975
- Depreciation and amortisation	86,273	3,494
Changes in assets and liabilities:		
- (Increase)/decrease in receivables	(3,594,726)	(766,333)
- Increase/(decrease) in payables	1,835,551	478,602
- Increase/(decrease) in income tax payables	(55,083)	12,789
- Increase in provisions	77,666	14,487
- Increase in deferred tax liability	846,130	184,577
Cash flows from operations	628,860	596,567

14. Subsequent events

There were no material events arising subsequent to the end of the year.

15. Company details

The registered office of the Company is:

Community Training Initiatives Pty Ltd
18N Fern Avenue.
SURF BEACH, VIC 3922

The principal place of business of the Company is:

Community Training Initiatives Pty Ltd
7 Raleigh Street
SPOTSWOOD, VIC, 3015

Directors' Declaration

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

1. The financial statements and notes:

- (a) Comply with Accounting Standards as described in Note 1 to the financial statements; and
- (b) Give a true and fair view of the Company's financial position and changes in equity as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ivan Brown
Director

Dated this day of September 2014

The Rialto, Level 30
525 Collins St
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Independent Auditor's Report

To the Members of Community Training Initiatives Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Community Training Initiatives Pty Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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.

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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion,

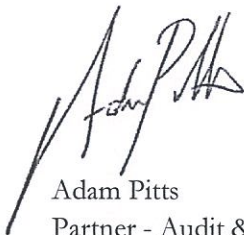
- a the financial report of Community Training Initiatives Pty Ltd
 - i presents fairly, in all material respects, the Company's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1

Basis of accounting

Without modifying our opinion, we draw attention to 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of reporting to the members. As a result, the financial report may not be suitable for another purpose.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Adam Pitts
Partner - Audit & Assurance

Melbourne, 11 September 2014