Savill Hicks Corp. Pty Limited and its controlled entities

ACN 009 392 125

Financial Statements

For the Year Ended 30 June 2014

Savill Hicks Corp. Pty Limited and its controlled entities
ACN 009 392 125

Contents

For the Year Ended 30 June 2014

Directors' Report
30 June 2014

The directors of Savill Hicks Corp. Pty Limited (the "Company") submit herewith the financial report of the Company for the financial year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

Mr Stefan Ronald Hicks	Managing Director and Company Secretary

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

The consolidated profit of the economic entity for the financial year before providing for income tax amounted to $201,735.

No significant change in the economic entity's state of affairs occurred during the financial year.

The principal activities of the Company in the course of the financial year was the operation of insurance broker and there was no significant change in the nature of that activity during the year.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company or its controlled entities, the results of those operations, or the state of affairs of the Company and its controlled entities in future financial years.

The operations of the Company and its controlled entities are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. The Directors are not aware of any significant breaches during the period covered by this report.

No dividends were paid or proposed during the financial year.

No options over issued shares or interests in the Company and its controlled entities were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company and its controlled entities.

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

Signed in accordance with a resolution of Directors.

Director: ....
Stefan Ronald Hicks
Managing Director

Dated 23 OCT 2014

AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit

This declaration is in respect of Savill Hicks Corp Pty Limited and its controlled entities during the period.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

R. Megale

R. Megale
Director
Dated in Sydney, this 23rd day of October 2014.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	4	**2,399,353**	1,944,471
Other income	4	**177,355**	112,461
Employee benefits expense		**(990,081)**	(1,236,583)
Depreciation and amortisation expense		**(9,407)**	(12,335)
Rent and outgoings		**(124,816)**	(120,401)
Intercompany expense		**(481,438)**	(89,693)
Legal and Professional Fees		**-**	(8,233)
Accounting and audit fees		**(24,080)**	(42,713)
Other expenses		**(684,824)**	(570,241)
Finance costs		**(60,327)**	(44,522)
Profit / (Loss) before income tax		**201,735**	(67,789)
Income tax expense		**(17,660)**	(2,201)
Profit / (Loss) for the year		**184,075**	(69,990)
Net fair value movements for available-for-sale financial assets		**-**	(37,076)
Total comprehensive income / (loss) for the year		**184,075**	(107,066)

The accompanying notes form part of these financial statements.

Statement of Financial Position
30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**873,210**	1,040,276
Trade and other receivables	8	**591,964**	796,509
Other assets	11	**6,650**	36,951
TOTAL CURRENT ASSETS		**1,471,824**	1,873,736
NON-CURRENT ASSETS			
Trade and other receivables	8	**859,888**	645,687
Financial assets	9	**134,133**	87,946
Property, plant and equipment	10	**39,705**	45,233
Other assets	11	**36,379**	-
TOTAL NON-CURRENT ASSETS		**1,070,105**	778,866
TOTAL ASSETS		**2,541,929**	2,652,602
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,962,816**	2,234,571
Borrowings	13	**18,000**	43,779
Current tax liabilities	6	**(434)**	34,296
Employee benefits	14	**38,086**	48,240
TOTAL CURRENT LIABILITIES		**2,018,468**	2,360,886
NON-CURRENT LIABILITIES			
Borrowings	13	**101,543**	100,541
Employee benefits	14	**20,935**	20,457
TOTAL NON-CURRENT LIABILITIES		**122,478**	120,998
TOTAL LIABILITIES		**2,140,946**	2,481,884
NET ASSETS		**400,983**	170,718
EQUITY			
Issued capital	15	**120,200**	120,200
Reserves	16	**271**	(45,919)
Retained earnings	17	**280,512**	96,437
TOTAL EQUITY		**400,983**	170,718

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Note	Fully Paid Ordinary Shares	Retained Earnings	Investment Revaluation Reserve	Total
		$	$	$	$
Balance at 1 July 2013		**120,200**	**96,437**	**(45,919)**	**170,718**
Profit or loss attributable to members of the parent entity		**-**	**184,075**	**41,658**	**225,733**
Balance at 30 June 2014		**120,200**	**280,512**	**(4,261)**	**396,451**

2013

	Consolidated			
	Fully Paid Ordinary Shares	Retained Earnings	Investment Revaluation Reserve	Total
	$	$	$	$
Balance at 1 July 2012	120,200	166,427	(8,843)	277,784
Loss for the year	-	(69,990)	-	(69,990)
Total other comprehensive income for the year	-	-	(37,076)	(37,076)
Balance at 30 June 2013	120,200	96,437	(45,919)	170,718

Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**2,589,781**	2,185,179
Payments to suppliers and employees		**(2,624,506)**	(1,968,108)
Interest received		**39,421**	39,450
Interest paid		**(61,106)**	(44,522)
Income taxes paid		**(12,048)**	(1,136)
Net cash provided by (used in) operating activities	18	**(68,458)**	210,863
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(2,927)**	-
Proceeds from sale of investments		**160,267**	(227,095)
Purchase of investments		**(2,000)**	-
Net cash used by investing activities		**155,340**	(227,095)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(253,948)**	4,471
Net cash used by financing activities		**(253,948)**	4,471
Net increase (decrease) in cash and cash equivalents held		**(167,066)**	(11,761)
Cash and cash equivalents at beginning of year		**1,040,276**	1,052,037
Cash and cash equivalents at end of financial year	7	**873,210**	1,040,276

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 General Information

Savill Hicks Corp. Pty Limited ACN 009 392 125 ('the Company') is incorporated and operating in Australia. The Company is the controlling entity of Savill Hicks Corp. (NSW) Pty Limited and Savill Hicks Corp. Pty Limited's principal activity was the operation as an insurance broker.

Savill Hicks Corp. Pty Limited registered office and its principal place of business is as follows:

Registered Office	**Principal Place of Business**
Level 2	Level 2
2 Glen Street	2 Glen Street
Milsons Point NSW 2061	Milsons Point NSW 2061
Australia	Australia

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Interpretations.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

The financial statements of Savill Hicks Corp. Pty Ltd and its controlled entities also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Adoption of new and revised Accounting Standards

In the current year, the Company and its controlled entities has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Company and its controlled entities has also adopted the following Standards as listed below which only impacted on the Company and its controlled entities financial statements with respect to disclosure.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The directors' assessment of the impact of these new standards and interpretations is set out on the following page.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1 General Information (Continued)

The result of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Savill Hicks Corp. Pty Limited.

2 Summary of Significant Accounting Policies

(a) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(b) Financial assets

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial Assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of assets are included in the statements of comprehensive income in the period in which they arise.

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

(b) Financial assets (Continued)

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of assets are included in the statements of comprehensive income in the period in which they arise.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company 's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the

2 Summary of Significant Accounting Policies (Continued)

(b) Financial assets (Continued)

investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include listed securities and its investment in Example Investment Company.

Purchases and sales of available-for-sale investments are recognised on settlement date.

The investment in [investment name] is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

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 arms length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has

2 Summary of Significant Accounting Policies (Continued)

(b) Financial assets (Continued)

been impaired.

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(c) Accounts Payable

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. These amounts are unsecured.

(d) 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 taxation authority. 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. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2014

2 Summary of Significant Accounting Policies (Continued)

(e) Provisions

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(f) Property, Plant and Equipment

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives. Depreciation rates on major categories of property, plant and equipment are as follows:

Plant and equipment	37.5%-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(g) Employee benefits

Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long Term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2 Summary of Significant Accounting Policies (Continued)

(g) Employee benefits (Continued)

Termination benefits

Termination benefits are those benefits paid to an employee as a result of either the entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recorded as a provision at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

(h) Income Tax

The income tax expense or revenue from the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

2 Summary of Significant Accounting Policies (Continued)

(h) Income Tax (Continued)

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(i) Leased Assets

Leases where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements
For the Year Ended 30 June 2014

2 Summary of Significant Accounting Policies (Continued)

(i) Leased Assets (Continued)

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

The company recognises premium revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

Interest income

Interest is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

(k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into

2 Summary of Significant Accounting Policies (Continued)

(l) Investments (Continued)

account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised on income when the investments are derecognised or impaired, as well as through the amortisation process.

(m) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(n) Intangible Assets

Research and development – Software

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

(o) Going Concern

The financial statements are prepared on a going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and liabilities in the normal course of business.

As at 30 June 2014 the consolidated entity's net assets position was $400,983, however its total current liabilities exceed its total current assets by $546,644. The Group has realised a net cash outflow from operations of $68,458. Notwithstanding this, the group has listed unencumbered securities of $134,133 and receivables of $859,888. Whilst these have been classified as fair value through equity and recorded as non-current, it is part of the strategy of the directors to realise these funds in the unlikely event that there is any shortfall of assets.

As a result, the directors continue to adopt the going concern assumption as appropriate.

(p) Comparative financial periods

Accounting policies adopted in the financial statements are consistent with those of the prior year, unless otherwise stated.

(q) New Accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*

2 Summary of Significant Accounting Policies (Continued)

(q) New Accounting standards (Continued)

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investment in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers* as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

2 Summary of Significant Accounting Policies (Continued)

(q) New Accounting standards (Continued)

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated.

(r) New Accounting Standards and Interpretations but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.
AASB 1055 - Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	No impact as the entity is not a public sector entity.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place..

(s) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as

2 Summary of Significant Accounting Policies (Continued)

(s) Business combinations (Continued)

goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

3 Critical accounting estimates and judgements

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key judgments - Doubtful debts provision

Periodical review of debtors' recoverability is completed by the Company and its controlled entities. Provisions for doubtful debts are made if a debt or a part of it, is deemed unrecoverable.

There is nil provision for doubtful debts (2013: nil) included in accounts receivable at 30 June 2014 and in the income statement. The directors have determined that all accounts receivable balances are collectable.

4 Revenue and Other Income

(a) Revenue

An analysis of the Company and its controlled entities revenue for the year from continuing operations is as follows:

	Consolidated	
	2014	2013
	$	$
Continuing operations		
- Provision of services	**2,312,407**	1,897,809
- Interest revenue	**39,421**	39,450
- Intercompany Income	**45,135**	-
- Other trading revenue	**2,390**	7,213
Total Revenue	**2,399,353**	1,944,472

(b) Other Income

	Consolidated	
	2014	2013
	$	$
Administration and management fees	-	95,334

4 Revenue and Other Income (Continued)

(b) Other Income (Continued)		
Commissions	**7,100**	10,422
Rental income	**6,000**	6,000
Other income	**164,255**	704
	177,355	112,460

5 Income Tax Expense

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

	Consolidated	
	2014	**2013**
	$	**$**
Current tax expense		
Current tax expenses / (income) in respect of the current year	**17,660**	2,201
Deferred tax expense		
Deferred tax income relating to the origination and reversal of tax losses not previously brought to account	**-**	129
	17,660	2,330

(b) Reconciliation of income tax to accounting profit:

	Consolidated	
	2014	**2013**
	$	**$**
Loss before income tax	**201,735**	(67,789)
Income tax expense calculated at 30%	**60,521**	(20,337)
Tax effect of:		
- Losses not previously brought to account	**(40,112)**	129
- Other non-allowable items	**(1,086)**	(248)
- Other timing difference	**(1,663)**	22,786
Income tax expense	**17,660**	2,330

Notes to the Financial Statements

For the Year Ended 30 June 2014

6 Tax

(a) Current Tax Liability

	Consolidated	
	2014	2013
	$	$
Income tax payable	22,198	16,586
GST payable	(22,632)	17,710
Current tax liabilities	(434)	34,296

(b) Deferred tax balance

The Consolidated Group has carried forward revenue tax losses amounting to $NIL (30%: $NIL) (2013: $431) (2013 30%: $129) which have been brought to account as a deferred tax asset.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

7 Cash and cash equivalents

	Consolidated	
	2014	2013
	$	$
Cash at bank and in hand	873,210	1,040,276

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Consolidated	
	2014	2013
	$	$
Cash and cash equivalents	1,015,613	1,187,817
Bank overdrafts	(142,403)	(147,541)
Balance as per statement of cash flows	873,210	1,040,276

8 Trade and other receivables

	Consolidated	
	2014	2013
	$	$
CURRENT		
Trade receivables	14,701	17,694
Insurance debtors	577,263	778,815
	591,964	796,509

Notes to the Financial Statements
For the Year Ended 30 June 2014

8 Trade and other receivables (Continued)

	Consolidated 2014 $	Consolidated 2013 $
NON-CURRENT		
Loan - Ensurance IT Pty Limited	**460,383**	471,939
Loan - Ensurance Underwriting Pty Limited	**381,679**	148,942
Loan - Ensurance Capital Pty Limited	**17,826**	24,806
	859,888	645,687

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Financial assets

		Consolidated 2014 $	Consolidated 2013 $
NON-CURRENT			
Financial assets carried at fair value through equity			
ASX listed shares	(a)	**38,172**	36,081
Other financial assets			
5 ordinary shares - Steadfast Ins. Brokers		**95,961**	51,865
		134,133	87,946

(a) Available-for-sale financial assets comprise:

	Consolidated 2014 $	Consolidated 2013 $
NON-CURRENT		
Listed investments		
- shares in other corporations - cost	**38,172**	36,081
	38,172	36,081

	Consolidated 2014 $	Consolidated 2013 $
Total available-for-sale financial assets	**38,172**	36,081

Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Financial assets (Continued)

Unlisted investments are not traded in an active market and therefore fair value cannot be reliably measured.

10 Property, plant and equipment

PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**95,266**	92,339
Accumulated depreciation	**(68,138)**	(61,350)
Total plant and equipment	**27,128**	30,989
Furniture, fixtures and fittings		
At cost	**42,879**	42,879
Accumulated depreciation	**(32,585)**	(30,951)
Total furniture, fixtures and fittings	**10,294**	11,928
Low value asset pool		
At cost	**3,552**	3,552
Accumulated depreciation	**(1,269)**	(1,236)
Total low value asset pool	**2,283**	2,316
Total plant and equipment	**39,705**	45,233
Total property, plant and equipment	**39,705**	45,233

(a) Movements in carrying amounts of property, plant and equipment

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

Consolidated	Plant and Equipment $	Furniture, Fixtures and Fittings $	Low Value Asset Pool $	Total $
Year ended 30 June 2014				
Balance at the beginning of the year	30,990	11,928	2,316	45,234
Additions	2,927	-	-	2,927
Depreciation expense	(6,789)	(1,634)	(33)	(8,456)
Balance at the end of the year	27,128	10,294	2,283	39,705

Notes to the Financial Statements
For the Year Ended 30 June 2014

10 Property, plant and equipment (Continued)

(a) Movements in carrying amounts of property, plant and equipment (Continued)

Consolidated	Plant and Equipment $	Furniture, Fixtures and Fittings $	Low Value Asset Pool $	Total $
Year ended 30 June 2013				
Balance at the beginning of the year	40,039	13,977	3,552	57,568
Depreciation expense	(9,049)	(2,049)	(1,236)	(12,334)
Balance at the end of the year	30,990	11,928	2,316	45,234

11 Other assets

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Prepayments	**6,650**	5,846
Bonds on deposit	**-**	31,105
	6,650	36,951
NON-CURRENT		
Bonds on deposit	**36,379**	-
	36,379	-

12 Trade and other payables

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Trade payables	**247,282**	287,389
Underwriter's liability	**1,379,741**	1,766,108
Unearned commissions	**143,422**	143,854
Accrued GST due on commissions	**13,393**	14,718
Other payables	**2,775**	22,502
	1,786,613	2,234,571
Related party payables	**176,205**	-
	1,962,818	2,234,571

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements
For the Year Ended 30 June 2014

13 Borrowings

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Convertible notes - B Graves (i)	**18,000**	18,000
Convertible notes - S Hicks	**-**	25,779
	18,000	43,779
NON-CURRENT		
Convertible notes - B Graves (i)	**51,543**	46,868
Convertible notes - I Graves (ii)	**50,000**	53,750
Leveraged equities	**-**	(77)
	101,543	100,541

(i) The terms of the convertible notes were changed to extend the expiry rate to 20 February 2015 from an initial expiry date of 20 February 2014.

(ii) The terms of the convertible notes were changed to extend the expiry date to 20 February 2015 from an initial expiry date of 20 February 2014.

14 Employee Benefits

	Consolidated 2014 $	Consolidated 2013 $
CURRENT		
Long service leave provision	**14,775**	10,079
Employee benefits provision	**2,167**	3,469
Annual leave provision	**21,144**	34,692
	38,086	48,240
NON-CURRENT		
Long service leave provision	**20,935**	20,457

15 Issued Capital

	Consolidated 2014 $	Consolidated 2013 $
2,105,263 fully paid ordinary shares (2013: 2,105,263 fully paid ordinary shares)	**120,200**	120,200

(a) Capital Management

Capital of the Group is managed in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the group can fund its operations and continue as a going concern.

Notes to the Financial Statements
For the Year Ended 30 June 2014

15 Issued Capital (Continued)

(a) Capital Management (Continued)

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

	2014	2013
	$	$
Trade and other payables	**1,786,612**	2,234,573
Less: Insurance debtors	**(577,263)**	(778,815)
Less: Cash and cash equivalents	**(873,210)**	(1,040,276)
Net debt	**415,482**	140,250
Share capital	**120,200**	120,200
Total capital	**295,282**	20,050

16 Reserves

	2014	2013
	$	$
Investment revaluation reserves	**271**	(45,919)
	271	(45,919)

17 Retained Earnings

	Consolidated	
	2014	2013
	$	$
Balance at beginning of financial year	**96,437**	166,427
Net profit / (loss) attributable to members of the parent entity	**184,075**	(69,990)
Balance at end of financial year	**280,512**	96,437

Notes to the Financial Statements

For the Year Ended 30 June 2014

18 Cash Flow Information

(a) Reconciliation of cash and cash equivalents

Input For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Cash at bank	**873,210**	1,040,276
	873,210	1,040,276

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated	
	2014	**2013**
	$	**$**
Profit from ordinary activities after income tax	**184,075**	(69,990)
Add/ (less) non-cash items:		
Depreciation and amortisation expense	**8,455**	12,335
Profit on sale of assets	**(158,267)**	-
Employee entitlement expense	**14,973**	12,746
Changes in assets and liabilities:		
(increase)/decrease in trade and other receivables	**204,545**	165,111
- (increase)/decrease in other assets	**(6,078)**	-
increase/(decrease) in trade and other payables	**(312,097)**	89,596
(increase)/decrease in deferred tax	**-**	-
increase/(decrease) in income tax provision	**5,612**	1,065
- increase/(decrease) in employee benefits	**(9,676)**	-
Net cash provided by operating activities	**(68,458)**	210,863

19 Compliance of insurance assets versus insurance liabilities

The FSRA Legislation requires that the Insurance assets of the broker be **equal to or exceed** the brokers insurance liabilities. A summary is attached below:

	2014	**2013**
	$	**$**
Assets		
Cash - (Trust Account)	**459,293**	645,865
Insurance Debtors	**577,263**	778,715

Notes to the Financial Statements

For the Year Ended 30 June 2014

19 Compliance of insurance assets versus insurance liabilities (Continued)

Macquarie Prescribed	**500,000**	500,000
Investment in listed company net of leverage	**134,133**	36,158
Total assets	**1,670,689**	**1,960,738**
Liabilities		
Premiums due to underwriter	**1,379,741**	1,766,108
Unearned income	**143,422**	143,854
Accrued GST on commissions	**13,393**	14,718
Total liabilities	**1,536,556**	**1,924,680**
Excess of Assets over Liabilities	**134,133**	**36,058**

20 Financial Risk Management

(a) Capital risk management

The Company and its controlled entities manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Company and its controlled entities includes cash and cash equivalents, investments and equity comprising of contributed equity and retained earnings.

Savill Hicks Corp. Pty Limited holds an Australian Financial Services Licensee ("AFSL") and is therefore subject to externally imposed capital requirements. Savill Hicks Corp. Pty Limited is required to adhere to certain base level financial requirements which are specified in the AFSL documentation.

Monthly monitoring reports are prepared and reviewed by management and the board of directors in order to ensure that all financial obligations under the AFS License are met.

Operating cash flows are also used to maintain and expand the Company and its controlled entities assets, as well as to make the routine outflows of tax, dividends and repayment of debt.

(b) Categories of financial instruments

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	**873,210**	1,040,276
Trade and other receivables	**591,965**	796,509
Available for sale financial assets	**129,601**	36,158
Financial liabilities		
Trade and other payables	**2,458,497**	2,234,573
Convertible notes	**119,059**	144,319

20 Financial Risk Management (Continued)

(b) Categories of financial instruments (Continued)

At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected above represents the Company and its controlled entities maximum exposure to credit risk for loans and receivables.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

(d) Financial risk management objectives
The Directors overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include credit risk policies and future cash flow requirements.

(e) Market risk
The Company and its controlled entities activities expose it primarily to the financial risks of interest rates. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(f) Interest rate risk management
The Company and its controlled entities is exposed to interest rate risk as the Company and its controlled entities borrow funds at both fixed and floating interest rates. The Company and its controlled entities exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk is managed using fixed rate debt. At 30 June 2014 approximately 100% of the company debt is fixed.

Notes to the Financial Statements

For the Year Ended 30 June 2014

20 Financial Risk Management (Continued)

(f) Interest rate risk management (Continued)

Interest rate sensitivity analysis
The sensitivity analysis below have been determined based on the exposure to interest rates for cash deposits and investments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The analysis is based on the assumption that interest rates changed by +0.5%/-1.5% (2013: +0.5%/-1.5%) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest investments.

		Consolidated	Group	
	Increase 0.5%	**Increase 1.5%**	**Decrease 0.5%**	**Decrease 1.5%**
Net profit would increase / (decrease):				
2014	**4,366**	**13,098**	**(4,366)**	(13,098)
2013	5,201	15,604	(5,201)	(15,604)

This is mainly attributable to the consolidated entity's exposure to interest rates on its cash deposits and investments. The Company and its controlled entities exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(g) Other price risks
The Company and its controlled entities are subject to changes in the share price of ASX listed securities.

(h) Credit risk management
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and its controlled entities. The Company and its controlled entities has adopted the policy of only dealing with creditworthy counterparties and obtaining other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company and its controlled entities measure credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements represents the Company and its controlled entities maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

21 Key management personnel

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

	2014 $	2013 $
Short-term employee benefits	**231,673**	290,507
Post-employee benefits	**21,430**	26,154
Other long-term benefits	**-**	-
	253,103	316,661

Notes to the Financial Statements

For the Year Ended 30 June 2014

22 Remuneration of Auditors

	Consolidated	
	2014	2013
	$	$
Remuneration of the auditor of the parent entity, Duncan Dovico Risk and Assurance Pty Limited, for:		
- auditing or reviewing the financial report	15,000	21,550

23 Capital and Leasing Commitments

	Consolidated	
	2014	2013
	$	$
Operating lease commitments		
Minimum lease payments under non-cancellable operating leases:		
- Not later than twelve months	145,630	140,043
- Between twelve months and five years	164,117	309,747
- Greater than five years	-	-
	309,747	449,790

Operating lease is held over level 2 Glen St, Milsons Point, NSW. The period for the lease is a non cancellable 3 year period beginning on 1 August 2013.

24 Parents Entity Disclosures

	2014	2013
	$	$
(a) Assets		
Current assets	1,395,660	1,837,224
Non-current assets	800,538	566,946
Total assets	2,196,198	2,404,170
Liabilities		
Current liabilities	1,569,344	1,961,478
Non-current liabilities	76,543	100,541
Total liabilities	1,645,887	2,062,019
Net assets	550,311	342,151
Equity		
Issued capital	120,200	120,200
Reserves	(4,261)	(45,919)
Retained earnings	434,372	267,870

Notes to the Financial Statements
For the Year Ended 30 June 2014

24 Parents Entity Disclosures (Continued)

Total equity	**550,311**	342,151

(b) Financial performance		
Profit for the year	**167,697**	4,943
Total comprehensive loss	**167,697**	4,943

25 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2014 (30 June 2013:None).

26 Related Parties Transactions

Related Parties

The Group's main related parties are as follows:

(a) Equity interests in subsidiaries

Savill Hicks Corp. Pty Limited holds 100% of ordinary paid shares in Savill Hicks Corp. NSW Pty Limited (2013: 100%).

(b) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 21: Key Management Personnel Compensation.

(c) Transactions with other related parties

	2014 $	2013 $
Transactions with other related parties		
- Ensurance Underwriting Pty Limited	**154,639**	-
- Ensurance IT Pty Limited	**408,938**	89,693
- Ensurance Capital Pty Limited	**27,364**	-
Loans with other related parties:		
- Ensurance IT Pty Limited	**397,879**	471,939
- Ensurance Underwriting Pty Limited	**381,679**	148,942
- Ensurance Capital Pty Limited	**(95,875)**	24,806

Ensurance IT Pty Limited, Ensurance Underwriting Pty Limited and Ensurance Capital Pty Limited are an entity jointly owned by Stefan Ronald Hicks (Director) and Brett Andrew Graves (CEO).

Notes to the Financial Statements

For the Year Ended 30 June 2014

27 Events Occurring After the Reporting Date

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company or its controlled entities, the results of those operations, or the state of affairs of the Company and its controlled entities in future financial years.

Directors' Declaration

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

The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity;

(c) In the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

On behalf of the Directors,

Director ....

Dated 23 OCT 2014

Independent Auditor's Report to the members of Savill Hicks Corp. Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a general purpose financial report, of Savill Hicks Corp. Pty Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretation) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we 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. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED
LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY NSW 2060 | PO BOX 1994, NORTH SYDNEY NSW 2059
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DUNCAN DOVICO

Auditor's Opinion

In our opinion:

a) the financial report of Savill Hicks Corp. Pty Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

We draw attention to Note 1(o) to the financial statements which describe the uncertainty related to going concern. Whilst realising a profit after tax of $184,075 (2013: Loss of $107,066) and cash outflows from operating activities of $68,458 (2013: Inflows of $210,863), the Group's total current liabilities exceed total current assets by $546,644. Notwithstanding this, the Group has listed unencumbered securities of $134,133 and receivables of $859,888. Whilst these have been classified as fair value through equity and recorded as non-current, it is part of the strategy of management to realise these funds in the unlikely event that there is any shortfall of assets.

The ability of the Group to continue as a going concern and to pay it's debts as and when they fall due is dependent on the financial support from the Parent entity, and the Parent's related entities and Shareholders. Should this financial support cease to exist and operational results deteriorate then the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Basis of accounting and restriction on distribution

Without qualification to the opinion expressed above, we draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared to assist of Savill Hicks Corp. Pty Limited and its controlled entities to meet the requirements of the *Corporations Act 2001* and the needs of the members. As a result, the financial report may not be suitable for another purpose.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

R. Megale

R Megale
Director
Dated in Sydney, this 23rd day of October 2014.