Ensurance IT Pty Limited

Financial Statements

For the Year Ended 30 June 2014

Ensurance IT Pty Limited

Contents

For the Year Ended 30 June 2014

Ensurance IT Pty Limited

Directors' Report

30 June 2014

The directors present their report on Ensurance IT Pty Limited for the financial year ended 30 June 2014.

1. **General information**

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Stefan Hicks	Director

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

Principal activities

The principal activity of Ensurance IT Pty Limited during the financial year was the development of an insurance broking system.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. **Operating results and review of operations for the year**

Operating results

The profit of the Company after providing for income tax amounted to $ 179,510 (2013: $ 188,827).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

3. **Other items**

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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.

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.

Indemnification and insurance of officers and auditors

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 Ensurance IT Pty Limited.

Directors' Report
30 June 2014

Auditor's independence declaration continued

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2014 has been received and can be found on page 3 of the financial report.

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

Director: ....
Stefan Hicks

Dated this 20th day of March 2015.

DUNCAN DOVICO

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Ensurance IT Pty Limited

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.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

R. Megale

R. MEGALE
Director

Dated in Sydney this 20th day of March 2015.

Ensurance IT Pty Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

Revenue	**410,813**	89,839
Other income	**116,555**	93,961
Raw materials and consumables used	**(16,196)**	(26,919)
Employee benefits expense	**(92,990)**	(14,255)
Depreciation and amortisation expense	**(230,053)**	(130,574)
Other expenses	**(48,869)**	(61,788)
Interest charges	**(3,420)**	15,902
Profit before income tax	**135,840**	(33,834)
Income tax (expense)/income	**43,670**	222,661
Profit from continuing operations	**179,510**	188,827
Profit for the year	**179,510**	188,827
Total comprehensive income for the year	**179,510**	188,827

The accompanying notes form part of these financial statements.

Ensurance IT Pty Limited

Statement of Financial Position

30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**187,325**	386
Trade and other receivables	8	**65,565**	17,198
Current tax receivable	16	**266,331**	222,661
TOTAL CURRENT ASSETS		**519,221**	240,245
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,298**	6,473
Intangible assets	10	**677,147**	597,620
TOTAL NON-CURRENT ASSETS		**680,445**	604,093
TOTAL ASSETS		**1,199,666**	844,338
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**109,022**	41,038
Current tax liabilities	16	**92,207**	33,031
Employee benefits	13	**2,387**	1,855
Grants received in advance	12	**87,496**	-
TOTAL CURRENT LIABILITIES		**291,112**	75,924
NON-CURRENT LIABILITIES			
Trade and other payables	11	**433,594**	472,089
Employee benefits	13	**1,338**	2,213
TOTAL NON-CURRENT LIABILITIES		**434,932**	474,302
TOTAL LIABILITIES		**726,044**	550,226
NET ASSETS		**473,622**	294,112
EQUITY			
Issued capital	14	**10**	10
Retained earnings		**473,612**	294,102
		473,622	294,112
TOTAL EQUITY		**473,622**	294,112

The accompanying notes form part of these financial statements.

Ensurance IT Pty Limited

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

2014

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2013		**10**	**294,102**	**294,112**
Profit or loss attributable to members of the entity		**-**	**135,840**	**135,840**
Balance at 30 June 2014		**10**	**429,942**	**429,952**

2013

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2012		10	105,275	105,285
Profit or loss attributable to members of the parent entity		-	188,827	188,827
Balance at 30 June 2013		10	294,102	294,112

The accompanying notes form part of these financial statements.

Ensurance IT Pty Limited

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**479,001**	210,406
Payments to suppliers and employees		**(28,740)**	(48,855)
Interest received		**-**	16,048
Finance costs		**(3,420)**	(883)
Income taxes paid		**-**	26,458
Net cash provided by/(used in) operating activities	20	**446,841**	203,174
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investment		**-**	34,474
Purchase of other non current assets		**-**	(534,340)
Net cash used by investing activities		**-**	(499,866)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of borrowings		**-**	268,037
Net cash used by financing activities		**-**	268,037
Net increase/(decrease) in cash and cash equivalents held		**446,841**	(28,655)
Cash and cash equivalents at beginning of year		**386**	29,041
Cash and cash equivalents at end of financial year	7	**447,227**	386

The accompanying notes form part of these financial statements.

The financial report covers Ensurance IT Pty Limited as an individual entity. Ensurance IT Pty Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Ensurance IT Pty Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 20 March 2015.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measure

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

2 Summary of Significant Accounting Policies continued

(c) Income Tax continued

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (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 not provided for the following:

- 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 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.

(d) Goods and Services Tax (GST)

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).

Receivables and payable are stated inclusive of GST.

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

2 Summary of Significant Accounting Policies continued

(d) Goods and Services Tax (GST) continued
classified as operating cash flows.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	75%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Intangible Assets

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits. The amortisation period for Development costs has been determined as 5 years and the amortisation period for Software costs has been determined as 4 years.

Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. An amortisation rate of 25% is currently applied to intangible assets.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

2 Summary of Significant Accounting Policies continued

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- 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.

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.

Loans and receivables

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

2 Summary of Significant Accounting Policies continued

The Company has no derivatives which are designated as financial assets at fair value through profit or loss.

Held-to-maturity investments

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 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 or which have been designated in this category. The Company does not have any available for sale financial assets at year end.

Financial liabilities

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.

The Company‘s financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

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.

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

(h) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

2 Summary of Significant Accounting Policies continued

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.

(i) Going concern

The financial statements have been 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.

The ability of the entity to continue as a going concern is dependent upon the continued generation of sufficient funds to complete and commercialise the software currently being developed. Should sufficient funds not be generated, or the software not completed or commercialised, then uncertainty may exist as to the ability of the entity to continue as a going concern and realise its assets and liabilities at the values stated and in the normal course of business.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

Estimates and judgements 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.

The significant estimates and judgements made have been described below.

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

3 Critical Accounting Estimates and Judgments continued

Key estimates - impairment of intangible assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets the Company has made assumptions as to potential cash inflows into the Company once the development phase is completed. The Director has determined that there are no indicators of impairment and that the expected revenue stream from the commercialisation of the asset once complete are sufficient to support the carrying value at 30 June 2014.

4 Revenue and Other Income

Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	2014	2013
	$	$
Sales revenue		
- provision of services	**410,813**	89,693
	410,813	89,693
Finance income		
- other interest received	**-**	146
Total Revenue	**410,813**	89,839

	2014	2013
	$	$
Other Income		
Commissions	**(38)**	41,471
Grant income	**122,497**	-
Other income	**(5,904)**	52,490
	116,555	93,961

5 Result for the Year

The result for the year includes the following specific expenses:

	2014	2013
	$	$
Intellectual property costs	**16,196**	26,919
Employee benefits expense	**92,990**	14,255
Depreciation and amortisation	**230,053**	130,574

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

6 Income Tax Expense

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

	2014	2013
	$	$
Current tax expense		
Local income tax - current period	**(43,670)**	(222,661)
Income tax expense for continuing operations	**(43,670)**	(222,661)
	(43,670)	(222,661)

(b) Reconciliation of income tax to accounting profit:

	2014	2013
	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	**40,752**	(10,150)
Add:		
Tax effect of:		
- other non-allowable items	**6,446**	46,246
- Research & development costs	**51,812**	27,824
- Tax losses carried forward to future income years	**-**	5,063
	99,010	68,983
Less:		
Tax effect of:		
- R&D deductible amount	**26,545**	27,825
- Other deductible expenditure	**4,472**	41,158
- Income tax offset received	**111,663**	222,661
Income tax expense	**(43,670)**	(222,661)

7 Cash and cash equivalents

	2014	2013
	$	$
Cash at bank and in hand	**187,325**	386
Total Cash balances	**187,325**	386

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

8 Trade and other receivables

	2014 $	2013 $
CURRENT		
Trade receivables	**64,565**	16,198
	64,565	16,198
Deposits	**1,000**	1,000
Total current trade and other receivables	**65,565**	17,198

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

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 Property, plant and equipment

PLANT AND EQUIPMENT

	2014 $	2013 $
Furniture, fixtures and fittings		
At fair value	**447**	-
Accumulated depreciation	**(68)**	-
Total furniture, fixtures and fittings	**379**	-

	2014 $	2013 $
Computer equipment		
At fair value	**5,150**	4,006
Accumulated depreciation	**(2,933)**	(1,928)
Total computer equipment	**2,217**	2,078

	2014 $	2013 $
Low value asset pool		
Written down value	**702**	4,395
Total low value asset pool	**702**	4,395

	2014 $	2013 $
Total property, plant and equipment	**3,298**	6,473

9 Property, plant and equipment continued

(a) Movements in Carrying Amounts

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

Parent	Furniture, Fixtures and Fittings $	Computer Equipment $	Low Value Asset Pool $	Total $
Year ended 30 June 2014				
Balance at the beginning of the year	-	2,078	4,395	6,473
Additions	1,023	1,469	-	2,492
Disposals	(288)	-	-	(288)
Depreciation	(356)	(1,330)	(342)	(2,028)
Balance at the end of the year	**379**	**2,217**	**4,053**	**6,649**

10 Intangible Assets

	2014 $	2013 $
Computer software development		
Cost	1,079,041	773,444
Accumulated amortisation and impairment	(401,894)	(176,719)
Net carrying value	**677,147**	596,725

	2014 $	2013 $
Other intangible assets		
Cost	-	895
Net carrying value	-	895

	2014 $	2013 $
Total Intangibles	**677,147**	597,620

Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Intangible Assets continued

(a) Movements in carrying amounts of intangible assets

	Intangible assets - Software development	Other intangible assets	Total
	$	$	$
Year ended 30 June 2014			
Balance at beginning of the year	**600,605**	**895**	**601,500**
Additions	**312,260**	**-**	**312,260**
Write off of intangible asset	**-**	**(895)**	**(895)**
Amortisation	**(235,708)**	**-**	**(235,708)**
Closing value at 30 June 2014	**677,157**	**-**	**677,157**

11 Trade and other payables

	2014	2013
	$	$
CURRENT		
Unsecured liabilities		
Trade payables	**6,961**	17,395
Related party payables	**2,485**	2,653
Other payables	**93,576**	16,335
	103,022	36,383
Secured Liabilities		
Sundry payables and accrued expenses	**6,000**	4,655
	6,000	4,655
	109,022	41,038

	2014	2013
	$	$
NON-CURRENT		
Unsecured liabilities		
Other payables - related entities	**433,594**	472,089
	433,594	472,089

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

12 Grants received in advance

	2014	2013
	$	$
CURRENT		
Government grants	**87,496**	-
Total	**87,496**	-

13 Employee Benefits

	2014	2013
	$	$
Current liabilities		
Long service leave	**2,165**	1,686
Provision for employee benefits	**222**	169
	2,387	1,855

	2014	2013
	$	$
Non-current liabilities		
Long service leave	**1,338**	2,213
	1,338	2,213

14 Issued Capital

	2014	2013
	$	$
10 (2013: 10) Ordinary shares	**10**	10
Total	**10**	10

(a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

15 Capital and Leasing Commitments

(a) Operating Leases

	2014	2013
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**1,334**	8,240
- between one year and five years	**-**	9,333
	1,334	17,573

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

15 Capital and Leasing Commitments continued

(a) Operating Leases continued

Operating leases have been have been taken out for Office 5, Level3, 13-17 Castray Esplanade Hobart. Lease payments are increased on an annual basis to reflect market rentals. The period of the lease is a non cancellable 2 year period commencing 20 August 2012.

16 Tax assets and liabilities

(a) Current Tax Asset

	2014	2013
	$	$
Current tax receivable	**266,331**	222,661
Current tax receivable	**266,331**	222,661

(b) Current Tax Liability

	2014	2013
	$	$
GST payable	**92,207**	33,031
Current tax liabilities	**92,207**	33,031

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Ensurance IT Pty Limited can utilise the benefits therein.

17 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Ensurance IT Pty Limited during the year are as follows:

	2014	2013
	$	$
Short-term employee benefits	**197,692**	252,199
Post-employment benefits	**18,287**	17,285
	215,979	269,484

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2014 (30 June 2013:Nil).

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

19 Related Parties

(a) The Company's main related parties are as follows:

(i) Entities exercising control over the Company:

The ultimate parent entity, which exercises control over the Company, is Ensurance Capital Pty Limited which is incorporated in Australia and owns 100% of Ensurance IT Pty Limited.

(ii) 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 are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 17: Interests of Key Management Personnel (KMP).

Other transactions with KMP and their related entities are shown below.

(iii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

- Service and license fees were paid to Savill Hicks Corp (NSW) Pty Limited of $408,939 during the financial year (2013: 89,693);

- Service fees were paid to Ensurance Underwriting Pty Limited of $1,874 during the financaial year (2013: NIL);

- Administration fees were paid to Ensurance Capital Pty Limited of $5,865 during the financial year (2013: NIL).

Loans between related entities are unsecured. No interest is charged on oustanding balances at period end and balances are repayable in cash and/or services. Loan balances with related party entities at financial year end were as follows:

	2014	2013
	$	$
Savill Hicks Corp (NSW) Pty Limited	**(16,044)**	(112,406)
Savill Hicks Corp Pty Limited	**(381,835)**	(343,335)
Ensurance Underwriting Pt Limited	**752**	(168)
Ensurance Capital Pty Limited	**(56,900)**	(150)

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

20 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2014	2013
	$	$
Profit for the year	**179,510**	188,827
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**230,053**	133,423
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(48,367)**	49,436
- increase/(decrease) in trade and other payables	**129,658**	33,429
- increase/(decrease) in income taxes payable	**-**	(196,203)
- increase/(decrease) in provisions	**(44,013)**	(5,738)
Cashflow from operations	**446,841**	203,174

21 Events Occurring After the Reporting Date

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.

22 Company Details

The registered office of the company is:

Ensurance IT Pty Limited
Level 2
2 Glen Street
MILSONS POINT NSW 2061

The principal place of business is:

Level 2
2 Glen Street
MILSONS POINT NSW 2061

Ensurance IT Pty Limited

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company.

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.

Director ....

Stefan Hicks

Dated this 20th day of March 2015.

DUNCAN DOVICO

Independent Audit Report to the members of Ensurance IT Pty Limited

Report on the Financial Report

We have audited the accompanying financial report of Ensurance IT Pty Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Ensurance IT Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Audit Report to the members of Ensurance IT Pty Limited

Basis for Qualified Opinion

The previous financial report of Ensurance IT Pty Limited was not audited. We were unable to satisfy ourselves by alternative means concerning a number of opening balances disclosed in the statements of comprehensive income and cash flows and the statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2014, the impact of opening balances on the current period financial performance and cash flows prevent us from forming an unqualified opinion on the financial report as a whole

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Ensurance IT Pty Limited is in accordance with the *Corporations Act 2001*, including:

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

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to Note 2(i) to the financial statements which describe the uncertainty related to going concern. The financial statements have been 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. The ability of the entity to continue as a going concern is dependent upon the continued generation of sufficient funds to complete and commercialise the software currently being developed. Should sufficient funds not be generated, or the software not completed or commercialised, then uncertainty may exist as to the ability of the entity to continue as a going concern and realise its assets and liabilities at the values stated and in the normal course of business.

Our opinion is not qualified in respect of this matter.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

R. Megale

R. MEGALE
Director

Dated in Sydney this 20th day of March 2015.