Ensurance Underwriting Pty Limited

ABN: 21 158 973 365

Financial Statements

For the Year Ended 30 June 2014

Ensurance Underwriting Pty Limited
ABN: 21 158 973 365

Contents

For the Year Ended 30 June 2014

Directors' Report
For the Year Ended 30 June 2014

The directors present their report on Ensurance Underwriting Pty Limited for the financial year ended .

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:
Mr Stefan Ronald Hicks   Managing Director and Company Secretary

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 Underwriting Pty Limited during the financial year was the operation of insurance underwriting and there was no significant change in the nature of that activity during the year.

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 loss of the Company after providing for income tax amounted to $ (322,673) (2013: $ (112,528)).

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

Directors' Report

For the Year Ended 30 June 2014

3. Other items (continued)

Environmental issues (continued)

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 Underwriting Pty Limited.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 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: ....

Dated 23 Oct 2014

DUNCAN DOVICO

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 Ensurance Underwriting Pty Limited during the period.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED

R. Megale

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

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED
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T: (02) 9922 1166 | F: (02) 9922 2044 | E: email@duncandovico.com.au | ABN: 13 151 805 275

Ensurance Underwriting Pty Limited
ABN: 21 158 973 365

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Revenue		38,277	-
Employee benefits expense	4	(426,731)	(72,352)
Depreciation and amortisation expense	4	(4,136)	(2,794)
Other expenses	4	73,332	(37,382)
Finance costs		(3,415)	-
Loss before income tax		(322,673)	(112,528)
Income tax expense		-	-
Loss from continuing operations		(322,673)	(112,528)
Loss for the year		(322,673)	(112,528)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total loss for the year		(322,673)	(112,528)

The accompanying notes form part of these financial statements.

Ensurance Underwriting Pty Limited
ABN: 21 158 973 365

Statement of Financial Position

30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**239,247**	50,163
Trade and other receivables	9	**155,866**	268
Other financial assets	10	**1,309**	-
Other assets	13	**3,686**	3,466
TOTAL CURRENT ASSETS		**400,108**	53,897
NON-CURRENT ASSETS			
Property, plant and equipment	11	**793**	1,269
Intangible assets	12	**15,276**	13,686
TOTAL NON-CURRENT ASSETS		**16,069**	14,955
TOTAL ASSETS		**416,177**	68,852
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**770,916**	178,942
Borrowings	15	**3,258**	-
Employee benefits	17	**23,502**	2,338
Other financial liabilities	16	**53,082**	-
TOTAL CURRENT LIABILITIES		**850,758**	181,280
NON-CURRENT LIABILITIES			
Employee benefits	17	**520**	-
TOTAL NON-CURRENT LIABILITIES		**520**	-
TOTAL LIABILITIES		**851,278**	181,280
NET ASSETS		**(435,101)**	(112,428)
EQUITY			
Issued capital	18	**100**	100
Retained earnings		**(435,201)**	(112,528)
TOTAL EQUITY		**(435,101)**	(112,428)

The accompanying notes form part of these financial statements.

Ensurance Underwriting Pty Limited
ABN: 21 158 973 365

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

2014

	Ordinary Shares $	Retained Profit/(Loss) $	Total $
Balance at 1 July 2013	**100**	**(112,528)**	**(112,428)**
Loss of the year	-	**(322,673)**	**(322,673)**
Balance at 30 June 2014	**100**	**(435,201)**	**(435,101)**

2013

	Ordinary Shares $	Retained Profit/(Loss) $	Total $
Balance at 1 July 2012	100	-	100
Loss of the year	-	(112,528)	(112,528)
Balance at 30 June 2013	100	(112,528)	(112,428)

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		-	(168)
Payments to suppliers and employees		(43,592)	(73,564)
Net cash provided by (used in) operating activities	21	(43,592)	(73,732)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible asset		(5,250)	(13,418)
Purchase of property, plant and equipment		-	(1,354)
Net cash used by investing activities		(5,250)	(14,772)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from intercompanies' loan accounts		234,668	138,667
Proceeds from borrowings		3,258	-
Net cash used by financing activities		237,926	138,667
Net increase (decrease) in cash and cash equivalents held		189,084	50,163
Cash and cash equivalents at beginning of year		50,163	-
Cash and cash equivalents at end of financial year	6	239,247	50,163

Notes to the Financial Statements

For the Year Ended 30 June 2014

The financial report covers Ensurance Underwriting Pty Limited as an individual entity. Ensurance Underwriting Pty Limited is a for profit Company limited by shares, incorporated and domiciled in Australia.

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

1 General Information

(a) Statement of compliance

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

The financial statements of Ensurance Underwriting Pty Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

(b) Basis of Preparation

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

(c) 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 judgement in the process of applying the group's accounting policies. The areas involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(e) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 General Information (continued)

(e) Cash and cash equivalents (continued)

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.

(f) 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.

(g) 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.

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

Computer Equipment	37.5%

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.

When an assets is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(h) 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.

1 General Information (continued)

(i) Financial instruments

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

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.

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.

1 General Information (continued)

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

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

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.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

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. 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.

1 General Information (continued)

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

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.

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.

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.

1 General Information (continued)

(j) Intangible Assets

Research and development - AFSL licence

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.

(k) Trade and Other Payables

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.

(l) 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

1 **General Information (continued)**

(l) **Employee benefits (continued)**

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.

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.

(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) **Income Tax**

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:

1 General Information (continued)

(n) 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.

(o) Revenue and other income

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.

1 General Information (continued)

(o) Revenue and other income (continued)

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

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(p) 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 classified as operating cash flows.

(q) 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 company's incurred a net loss after tax of $322,673 (2013: :Loss of $112,528) and cash outflows from operating and investing activities of $43,592 (2013: Outflow of $88,504). The entity has a net liability position at year end of $435,101 (2013: Net Liability of $112,428). The ability of the Company to continue as a going concern and to pay their debts as and when they due is dependent on the financial support from its Parent Entity and the Parent's related entities and directors. Should additional capital not be raised or revenue streams generated then there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore, the Company 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.

(r) Adoption of new and revised accounting standards

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

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*

1 General Information (continued)

(r) Adoption of new and revised accounting standards (continued)

- 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 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.

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 Company 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.

(s) New Accounting Standards and Interpretations

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

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 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..

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 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.

3 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	38,277	-
	38,277	-
Total Revenue	38,277	-

4 Loss for the year before tax

	Note	2014	2013
	Note	$	$
- Interest paid		3,415	-
Total finance costs		3,415	-

The result for the year includes the following specific expenses:

	2014	2013
	$	$
Other expenses:		
Administration and management fees	(146,902)	13,667
Advertising	-	3,125
Auditors remuneration	9,500	6,000
Accounting fees	1,320	120
Bank charges	390	111
Computer expenses	7,230	2,222
Incorporation costs	-	1,827
Insurance	12,406	3,633

Notes to the Financial Statements

For the Year Ended 30 June 2014

4 Loss for the year before tax (continued)

Travel - overseas	**5,178**	4,465
Other expenses	**-**	2,212
Total other expenses	**(110,878)**	37,382
Employee benefits expense		
Annual leave provision	**20,082**	1,775
Employee benefits provision	**2,074**	159
Long service leave provision	**4,665**	404
Salaries and wages	**399,911**	70,014
Total employee benefits expense	**426,732**	72,352
Depreciation and amortisation expense:		
Property, plant and equipment	**476**	85
Intangible assets	**3,660**	2,709
Total depreciation and amortisation expense	**4,136**	2,794

5 Remuneration of Auditors

	2014	2013
	$	$
Remuneration of the auditor of the Company, Duncan Dovico Risk and Assurance Pty Limited, for:		
- auditing or reviewing the financial report	**9,500**	6,000

6 Cash and cash equivalents

	2014	2013
	$	$
Cash at bank and in hand	239,247	50,163

7 Income Tax Expense

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

(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%)	(96,802)	(33,758)
Tax effect of:		
- Other timing difference	12,454	33,758
- Tax effect of losses carried forward to later income years	84,348	-
Income tax expense	-	-

8 Tax

Unrecognised deferred tax assets

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

	2014	2013
	$	$
Tax effect of unrecognised losses	112,765	28,418

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 Underwriting Pty Limited can utilise the benefits therein.

9 Trade and other receivables

	2014	2013
	$	$
CURRENT		
Trade receivables	155,766	-
Related party receivables	100	268
Total current trade and other receivables	155,866	268

Credit risk

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

9 Trade and other receivables (continued)

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company.

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.

10 Other financial assets

	2014	2013
	$	$
CURRENT		
Loans and receivables	1,309	-

11 Property, plant and equipment

	2014	2013
	$	$
Computer equipment		
At cost	1,354	1,354
Accumulated depreciation	(561)	(85)
Total computer equipment	793	1,269
Total property, plant and equipment	793	1,269

(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:

Parent	Computer Equipment $	Total $
Year ended 30 June 2014		
Balance at beginning of the year	1,269	1,269
Depreciation expense	(476)	(476)
Balance at the end of the year	793	793

Notes to the Financial Statements

For the Year Ended 30 June 2014

11 Property, plant and equipment (continued)

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

Parent	Computer Equipment $	Total $
Year ended 30 June 2013		
Additions	1,354	1,354
Depreciation expense	(85)	(85)
Balance at the end of the year	1,269	1,269

12 Intangible Assets

	2014 $	2013 $
Development costs		
Cost	**16,395**	16,395
Accumulated amortisation and impairment	**(5,988)**	(2,709)
Intangible assets under development		
Cost	**5,250**	-
Accumulated amortisation and impairment	**(381)**	-
Net carrying value	**4,869**	-
Total Intangible assets	**15,276**	13,686

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

13 Other non-financial assets

	2014 $	2013 $
CURRENT		
Prepayments	**3,686**	3,466

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

14 Trade and other payables

	2014 $	2013 $
CURRENT		
Unsecured liabilities		
Related party payables	**40,000**	-
Other payables	**50,684**	7,444
	90,684	7,444
Trade payables	**293,459**	2,593
Sundry payables and accrued expenses	**29,471**	11,781
Accrued audit fee	**15,623**	8,182
Related party payables	**341,679**	148,942
Total current trade an other payables	**770,916**	178,942

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

15 Borrowings

	2014 $	2013 $
CURRENT		
Secured liabilities:		
Lease liability secured	**3,258**	-
	3,258	-
Total current borrowings	**3,258**	-
Total borrowings	**3,258**	-

16 Other Financial Liabilities

	2014 $	2013 $
CURRENT		
Deferred income	**53,082**	-

17 Employee Benefits

	2014	2013
	$	$
Current		
Long service leave	5,069	404
Provision for employee benefits	18,433	1,934
Total current employee benefits	23,502	2,338

	2014	2013
	$	$
Non-current liabilities		
Long service leave	520	-

18 Issued Capital

	2014	2013
	$	$
100 (2013: 100) Ordinary shares	100	100

19 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Company's objectives, policies and processes for managing and measuring these risks. The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets. The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Market risk - cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables

19 Financial Risk Management (continued)

Objectives, policies and processes

Risk management is carried out by the Company's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which Company is exposed is provided below.

(a) Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	**239,247**	50,163
Trade and other receivables	**155,866**	268
Loans and receivables	**1,309**	-
Total financial assets	**396,422**	50,431
Financial Liabilities		
Other liabilities	**53,082**	-
Trade and other payables	**770,916**	178,941
- Borrowings	**3,258**	-
Total financial liabilities	**827,256**	178,941

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

(b) 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.

(c) Capital risk management

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

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

Ensurance Underwriting Pty Limited holds an Australian Financial Services Licensee ("AFSL") and is therefore

19 Financial Risk Management (continued)

(c) Capital risk management (continued)

subject to externally imposed capital requirements. Ensurance Underwriting 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's assets, as well as to make the routine outflows of tax, dividends and repayment of debt.

(d) Market risk

The Company's 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.

(e) Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The Company's exposure 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.

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.

	Increase 0.5%	Increase 1.5%	Decrease 0.5%	Decrease 1.5%
Net profit would increase / (decrease)				
2014	**263**	**790**	**(263)**	**(790)**
2013	251	752	(251)	(752)

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

(f) Other price risks

The Company is subject to changes in the share price of ASX listed securities.

(g) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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 measures credit risk on a fair value basis.

19 Financial Risk Management (continued)

(g) Credit risk management (continued)

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

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who regularly review the Company's short, medium and long term funding and liquidity management requirements.

Liquidity risk is the risk that the Company will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows from holding financial instruments will fluctuate.

The Company managed liquidity risk through the following mechanisms:
- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities.

20 Contingencies

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

21 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	**(322,674)**	(112,528)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Amortisation	**3,660**	2,709
Depreciation	**476**	85
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(155,818)**	3,366
- increase/(decrease) in trade and other payables	**409,080**	30,298
- increase/(decrease) in employee benefits	**21,684**	2,338
Cashflow from operations	**(43,592)**	(73,732)

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

22 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.

23 Compliance of insurance assets versus insurance liabilities

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

	2014	2013
	$	$
Assets		
Cash - (Trust Account)	186,555	-
Insurance Debtors	117,248	-
Other Insurance Debtors	38,518	-
Total assets	342,321	-
Liabilities		
Premiums due to underwriter	282,243	-
GST due to Insurers	6,996	-
Unearned commission	53,082	-
Total liabilities	342,321	-
Excess of Assets over Liabilities	-	-

24 Related Parties Transactions

(a) 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.

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	260,846	56,093
Post-employee benefits	24,128	-
Other long-term benefits	-	-
Total	284,974	56,093

(b) Transactions with other related parties

	2014	2013
Transactions with other related parties		

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

24 Related Parties Transactions (continued)

(b) Transactions with other related parties (continued)

Savill Hicks Corp (NSW) Pty Limited - Administration fees	**155,703**	68,334
Ensurance Capital Pty Limited - Service Fee Income	**5,864**	-
Ensurance IT Pty Limited - Service Fee Income	**1,874**	-
Loans to / (from) other related parties		
Ensurance IT Pty Limited	**(752)**	168
Ensurance Capital Pty Limited	**(6,350)**	100
Savill Hicks Corp Pty Limited	**(160,708)**	(123,908)
Savill Hicks Corp (NSW) Pty Limited	**(391,074)**	(25,034)

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

25 Company Details

The registered office of and principal place of business of the company is:

Ensurance Underwriting Pty Limited
Level 2, 2 Glen Street
Milsons Point NSW 2061

Ensurance Underwriting Pty Limited
ABN: 21 158 973 365

Directors' Declaration

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

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 29, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards as stated in Note 1; and

   (b) give a true and fair view of the Company's financial position as at and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director ....

Dated 23 Oct 2014

DUNCAN DOVICO

Independent Auditor's Report to the members of Ensurance Underwriting Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a general purpose financial report, of Ensurance Underwriting Pty Limited, which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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.

Auditor's Opinion

In our opinion:

a) the financial report of Ensurance Underwriting Pty Limited is in accordance with the *Corporations Act 2001*, including:

   (i) 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

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

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

Emphasis of matter

We draw attention to Note 1(q) to the financial statements which describe the uncertainty related to going concern. The company's incurred a net loss after tax of $322,673 (2013:$112,528) and has net liabilities of $435,101 with net current liabilities of $450,650. Its cash outflows from operating and investing activities were $48,842 (2013:$88,504). The ability of the Company 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 ultimate parent entity and directors. Should additional and sufficient capital not be raised or revenue streams not generated then there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore, the Company may not 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 Ensurance Underwriting Pty Limited 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.

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