

**Spirit Telecom (Australia) Pty Ltd**

ABN 99 112 320 804

Financial Statements

For the year ended 30 June 2014

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**

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**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
Revenue	2	5,262,993	4,790,833
Other revenue	2	3,225	781
Cost of sales		<u>(2,848,119)</u>	<u>(2,680,730)</u>
<b>Gross profit</b>		<b>2,418,098</b>	<b>2,110,883</b>
Other Income	2	-	4,880
Marketing		(58,861)	(18,626)
Selling expenses		(77,870)	(97,769)
Administration expenses		(2,450,838)	(1,916,239)
Finance Costs		<u>(71,638)</u>	<u>(49,082)</u>
<b>Operating profit (deficit) before income tax</b>		<b>(241,109)</b>	<b>34,047</b>
Income tax (credit) attributable to operating profit (loss)		<u>(469,187)</u>	<u>-</u>
<b>Operating profit after income tax</b>		<b><u>228,078</u></b>	<b><u>34,047</u></b>
Retained profits (accumulated losses) at the beginning of the financial year		<u>(1,571,393)</u>	<u>(1,605,440)</u>
Total available for appropriation (deficiency)		<u>(1,343,315)</u>	<u>(1,571,393)</u>
Retained profits (deficit) at the end of the financial year		<b><u>(1,343,315)</u></b>	<b><u>(1,571,393)</u></b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Total other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<b><u>(1,343,315)</u></b>	<b><u>(1,571,393)</u></b>

The accompanying notes form part of these financial statements.

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**

**Statement of Financial Position as at 30 June 2014**

	Note	2014 \$	2013 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash assets	4	833,272	17,853
Receivables	5	647,068	490,861
<b>Total Current Assets</b>		<b>1,480,341</b>	<b>517,714</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	237,772	284,536
Intangible assets	9	626,891	706,891
Deferred tax assets	6	469,187	-
Other	7	60,855	-
<b>Total Non-Current Assets</b>		<b>1,394,704</b>	<b>991,427</b>
<b>Total Assets</b>		<b>2,875,045</b>	<b>1,509,141</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	10	346,121	313,230
Financial liabilities	11	575,000	675,000
Current tax liabilities	12	50,922	75,178
Provisions	13	246,168	-
<b>Total Current Liabilities</b>		<b>1,218,210</b>	<b>1,063,408</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	11	142,902	122,678
<b>Total Non-Current Liabilities</b>		<b>142,902</b>	<b>122,678</b>
<b>Total Liabilities</b>		<b>1,361,112</b>	<b>1,186,086</b>
<b>Net Assets</b>		<b>1,513,933</b>	<b>323,055</b>
<b>Equity</b>			
Contributed equity		2,851,052	1,888,252
Reserves		6,196	6,196
Retained profits / (Accumulated losses)		(1,343,315)	(1,571,393)
<b>Total Equity</b>		<b>1,513,933</b>	<b>323,055</b>

The accompanying notes form part of these financial statements.

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**

**Statement of Changes in Equity**

	Notes	Retained Profits	Capital Profit Reserve	Issued & Paid Up Capital	Total
<b>Balance at 01/07/2012</b>		(1,611,637)	6,196	1,888,252	282,811
Profit attributable to the members		34,047			34,047
Subtotal		(1,577,590)	6,196	1,888,252	316,858
<b>Balance at 30/06/2013</b>		(1,571,393)	6,196	1,888,252	323,055
Profit attributable to the members		228,078			228,078
Shares issued during the year				962,800	962,800
Subtotal		(1,343,315)	6,196	2,851,052	1,513,933
<b>Balance at 30/06/2014</b>		(1,343,315)	6,196	2,851,052	1,513,933

The accompanying notes form part of these financial statements.

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**  
**Statement of Cash Flows**  
**For the year ended 30 June 2014**

	2014	2013
	\$	\$
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	5,115,786	4,864,391
Payments to Suppliers and employees	(5,012,218)	(4,662,654)
Interest received	3,225	781
Interest and other costs of finance	(65,645)	(41,050)
Net cash provided by (used in) operating activities (note 2)	<u>41,147</u>	<u>161,468</u>
<b>Cash Flow From Investing Activities</b>		
<b>Payment for:</b>		
Other Assets	-	200
Payments for property, plant and equipment	(108,752)	(278,150)
<b>Proceeds from disposal of:</b>		
Sale of other investments	-	31,091
Net cash provided by (used in) investing activities	<u>(108,752)</u>	<u>(246,859)</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds of issue of shares	962,800	-
Proceeds of borrowings	637,495	336,107
Repayment of borrowings	(717,270)	(273,930)
Net cash provided by (used in) financing activities	<u>883,024</u>	<u>62,177</u>
Net Increase (decrease) in cash held	815,419	(23,215)
Cash at the beginning of the year	<u>17,853</u>	<u>41,068</u>
Cash at the end of the year (note 1)	<u><u>833,272</u></u>	<u><u>17,853</u></u>

The accompanying notes form part of these financial statements.

**Spirit Telecom (Australia) Pty Ltd**

ABN 99 112 320 804

**Statement of Cash Flows**

For the year ended 30 June 2014

2014

2013

**Reconciliation Of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

BankWest Operating Account	118,833	5,793
BankWest Trading Account	11,878	7,133
BankWest BPAY Clearing Account	1	1
BankWest Term Deposit	450,000	-
BankWest Telenet Account	250,051	-
Bank - NAB	2,508	3,577
Spirit Rewards Account	-	1,350
	<u>833,272</u>	<u>17,853</u>

**Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit**

Operating profit (loss) after tax	228,078	34,047
Depreciation	159,448	96,071
Amortisation	15,214	-
(Profit) / Loss on sale of property, plant and equipment	-	(4,880)
Increase/(decrease) in future income tax benefit	(469,187)	-
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(147,207)	73,558
Increase (decrease) in trade creditors and accruals	32,891	(42,607)
Increase (decrease) in employee entitlements	246,168	-
Increase (decrease) in sundry provisions	(24,257)	5,279
Net cash provided by operating activities	<u>41,147</u>	<u>161,468</u>

The accompanying notes form part of these financial statements.

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

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## **Note 1: Summary of Significant Accounting Policies**

Spirit Telecom (Australia) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. 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.

### **First Time Adoption of International Financial Reporting Standards**

The directors of Spirit Telecom (Australia) Pty Ltd are preparing and managing the transition to International Financial Reporting Standards (IFRS). The adoption of IFRS will be disclosed in the company's financial statements for the year ended 30th June 2014. On first time adoption of AIFRS, comparatives for the year ended 30th June 2013 are required to be restated and the majority of the transitional adjustments will be made retrospectively against retained earnings at 1st July 2013.

The company's directors have been assessing the implication of these changes and are preparing for their implementation. The directors have formed the opinion that material differences in the company's accounting policies on conversion to IFRS and the financial effects of the differences are known and detailed below.

The directors have ensured that appropriate systems and procedures have been put in place and they are of the opinion that the key differences in the company's accounting policies which will arise from the adoption of the International Financial Reporting Standards are:

#### Goodwill

Goodwill is to be capitalised to the Statement of Financial Position and subjected to an annual impairment test according to AASB 3 Business Combinations. Amortisation of goodwill will also be prohibited.

Management have assessed goodwill and have formed the opinion that no impairment has resulted.

#### Impairment of assets

Under AASB 136 Impairment of Assets the recoverable amount of an asset is measured as the higher of the net selling price or in the absence of a binding sale agreement, the trading price in an active market less the costs of disposal or its value in use.

Value in use is measured by applying present value techniques to management estimates of the future cash flows generated by an asset or cash generating unit. A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows from continuing use which are predominantly independent of the cash inflows from other assets or groups of assets.

Management have tested all the assets for impairment as at 1st July 2013. It is management's opinion that there is no requirement for adjusting the values recorded within the financial statements for property, plant and equipment.

#### Financial Instruments

Current accounting policy is to measure non current investments at cost with an annual review to ensure that the carrying amounts are not in excess of the recoverable value of the investment. AASB 139 Financial Instruments : Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value.

Management have assessed the value of financial instruments and are of the opinion that there is no impact to the values within the Statement of Financial Position.



**Spirit Telecom (Australia) Pty Ltd**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

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**Accounting Policies**

**(a) Property, Plant and Equipment**

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

**Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Motor vehicles	25.0 %
Computer Equipment	50.0 and 66.67 %
Other office equipment	5.0 , 10.0 and 20.0 %
Plant & equipment	60.0 %
Building installations	50.0 %
Capital hardware	40.0 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(b) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

**(c) Cash and Cash Equivalents**

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

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**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

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**(d) Revenue and Other Income**

All revenue is recognised at fair value of the consideration received or receivable, net of the amount of goods and services tax (GST).

Revenue from the rendering of telecommunications services includes the provision of data, internet and other services.

Revenue from the rendering of data, internet and other services to consumers and corporate customers is recognised at the completion of each month of service.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue is recognised when the right to receive the revenue has been established.

**(e) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a net basis.

**(f) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods or services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(g) Income Tax**

Income tax expense (revenue) on profit or loss for the year comprises current and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

(a) a legally enforceable right of set-off exists; an

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**For the year ended 30 June 2014**

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(b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(h) Contingencies**

There are no contingent liabilities or contingent assets at 30 June 2014.

**(i) Related Party Transactions**

All transactions with related parties are concluded on normal commercial terms and conditions.

**(j) Employee Benefits Policy**

Liabilities for wages and salaries, including non-monetary benefits, annual leave are recognised in respect of employee's 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.

The liability for long service leave 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(k) Borrowings Policy**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, and intends to do so.

**(l) Impairment of Assets Policy**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Management has considered and recognised that no impairment is required

**(m) Intangible Assets Policy**

**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Spirit Telecom (Australia) Pty Ltd**  
**ABN 99 112 320 804**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

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(n) **Provisions policy**

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) **Going Concern**

The accounts of the company have been prepared on the basis that the company is a going concern and continues to trade. The directors believe that the company will achieve profitable operations in the future given the financial support and guarantee of company and its directors.

(p) **Comparatives**

Where required, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(q) **Rounding Amounts**

Amounts in the financial statements have been rounded off to nearest dollar.

**Spirit Telecom (Australia) Pty Ltd**

ABN 99 112 320 804

**Notes to the Financial Statements**

**For the year ended 30 June 2014**

2014

2013

**Note 2: Revenue and Other Income**

**Sales revenue:**

Non-primary production trading revenue	5,262,993	4,790,833
	<u>5,262,993</u>	<u>4,790,833</u>

**Other revenue:**

Interest revenue*	3,225	781
	<u>3,225</u>	<u>781</u>

**Other income:**

Profit on sale of investments	-	4,880
	<u>-</u>	<u>4,880</u>

**Note 3: Profit from Ordinary Activities**

Profit (loss) from ordinary activities before income tax has been determined after:

**Crediting as Income:**

Net gain on disposal of investments	-	4,880
	<u>-</u>	<u>4,880</u>

**Charging as Expense:**

Borrowing costs:

- Other persons	65,645	41,050
Total borrowing costs	<u>65,645</u>	<u>41,050</u>

Cost of non-primary production goods traded	2,848,119	2,680,730
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Depreciation of non-current assets:

- Plant and equipment	126,185	71,160
- Other	33,263	24,911
Total depreciation expenses	<u>159,448</u>	<u>96,071</u>

**Spirit Telecom (Australia) Pty Ltd**

ABN 99 112 320 804

**Notes to the Financial Statements**

**For the year ended 30 June 2014**

2014

2013

**Note 4: Cash assets**

Bank accounts:

BankWest Operating Account	118,833	5,793
BankWest Trading Account	11,878	7,133
BankWest BPAY Clearing Account	1	1
BankWest Term Deposit	450,000	-
BankWest Telenet Account	250,051	-
Bank - NAB	2,508	3,577
Spirit Rewards Account	-	1,360
	<u>833,272</u>	<u>17,853</u>

**Reconciliation of Cash:**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	<u>833,272</u>	<u>17,853</u>
	<u>833,272</u>	<u>17,853</u>

**Note 5: Receivables**

**Current**

Trade debtors	<u>647,068</u>	<u>499,861</u>
	<u>647,068</u>	<u>499,861</u>

**Note 6: Tax Assets**

**Non-Current**

Deferred tax asset	<u>469,187</u>	<u>-</u>
	<u>469,187</u>	<u>-</u>

Spirit Telecom (Australia) Pty Ltd  
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Notes to the Financial Statements  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 7: Other Assets</b>		
Non Current		
Borrowing expenses	76,068	-
Less: Accumulated amortisation	(15,214)	-
	<u>60,854</u>	<u>-</u>
<b>Note 8: Property, Plant and Equipment</b>		
Plant and equipment		
at cost	141,215	68,169
less accumulated depreciation	(78,936)	(36,930)
	<u>62,279</u>	<u>31,239</u>
Carrying amount at 1 July	31,239	57,756
Additions / (Disposals)	73,048	2,899
Depreciation charge	(42,006)	(29,416)
Carrying amount at 30 June	<u>62,279</u>	<u>31,239</u>
Other plant and equipment		
at cost	226,561	168,359
less accumulated depreciation	(134,651)	(41,744)
	<u>91,910</u>	<u>126,615</u>
Carrying amount at 1 July	126,615	-
Additions / (Disposals)	58,202	168,359
Depreciation charge	(92,907)	(41,744)
Carrying amount at 30 June	<u>91,910</u>	<u>126,615</u>
Motor vehicles		
at cost	109,290	109,290
less accumulated depreciation	(45,181)	(23,813)
	<u>64,109</u>	<u>85,477</u>
Carrying amount at 1 July	85,477	71,000
Additions / (Disposals)	-	35,227
Depreciation charge	(21,368)	(20,750)
Carrying amount at 30 June	<u>64,109</u>	<u>85,477</u>
Other property, plant and equipment		
at cost	53,397	53,397
less accumulated depreciation	(33,923)	(30,756)
	<u>19,474</u>	<u>22,641</u>
Carrying amount at 1 July	22,641	26,802
Additions / (Disposals)	-	-
Depreciation charge	(3,167)	(4,161)
Carrying amount at 30 June	<u>19,474</u>	<u>22,641</u>
<b>Note 9: Intangible Assets</b>		
Goodwill		
- at cost	826,891	706,891
- less accumulated amortisation	-	-
	<u>826,891</u>	<u>706,891</u>

# Spirit Telecom (Australia) Pty Ltd

ABN 99 112 320 804

## Notes to the Financial Statements

For the year ended 30 June 2014

2014

2013

### Note 10: Payables

#### Unsecured:

- Trade creditors

346,121	313,230
346,121	313,230
346,121	313,230

### Note 11: Financial Liabilities

#### Current

##### Unsecured:

- Other loans

-	475,000
-	475,000

##### Secured\*:

- Other loans

575,000	200,000
575,000	200,000
575,000	675,000

#### Non-Current

##### Secured\*:

- Hire purchase liabilities

165,175

144,225

- Less: Unexpired hire charges

(22,273)

(21,548)

142,902

122,678

142,902

122,678

#### \* Total Current and Non-Current Secured Liabilities

Hire purchase liabilities

165,175

144,225

Less: Unexpired hire charges

(22,273)

(21,548)

Other loans

575,000

200,000

717,902

322,678



**Spirit Telecom (Australia) Pty Ltd**

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**Notes to the Financial Statements**

**For the year ended 30 June 2014**

2014

2013

**Note 12: Tax Liabilities**

**Current**

GST on sales	129,472	118,129
GST on purchases	(106,892)	(102,168)
Payroll tax payable	7,982	15,699
PAYG withholding	20,360	16,606
Superannuation payable	-	26,912
	<u>50,922</u>	<u>75,178</u>

**Note 13: Provisions**

**Current**

Employee entitlements*	<u>246,168</u>	<u>-</u>
	<u>246,168</u>	<u>-</u>

* Aggregate employee entitlements liability	246,168	-
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**Note 14: Events Subsequent to Reporting Date**

There has been no matter or circumstance, which has arisen since 30 June 2014, that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2014, of the company or
- (b) the results of these operations, or
- (c) the state of affairs, in the financial years subsequent to 30 June 2014, of the company.

Spirit Telecom (Australia) Pty Ltd  
ABN 99 112 320 804  
Notes to the Financial Statements  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 15: Income Tax</b>		
<b>(a) Income Tax Expense</b>		
Current tax	-	-
Deferred tax	2,231	-
Over / underprovision from prior year deferred tax	(471,418)	-
	<u>(469,187)</u>	<u>-</u>
<b>(b) Numerical reconciliation of income tax to prima facie tax payable</b>		
Profit from continuing operations before Income tax expense	(241,109)	34,047
Tax at the Australian tax rate of 30.0% (2013: 30.0%)	(72,333)	10,214
Effect of expenses that are not deductible in determining taxable profit	74,563	-
Effect of expenses that are not deductible in determining taxable profit	-	-
Effect of other deductibles in determining taxable profit	-	-
Other	(471,418)	(10,214)
	<u>(469,188)</u>	<u>-</u>
<b>(c) Amounts recognised directly in equity</b>		
The following current and deferred amounts were charged directly to equity during the period:		
Current tax:		
Tax effect of employee share options in reserves	-	-
Deferred tax:		
Tax effect of hedge gains/(loss) in reserves	-	-
Tax effect of share issue costs charged to issued capital	-	-
	<u>-</u>	<u>-</u>

**Note 16 : Key Management Personnel Disclosures**

The aggregate compensation of the key management personnel of the group is set out below:

Short-term employee benefits	176,333	168,000
Post-employment benefits	14,933	14,100
Share-based payments expense	-	-
Termination benefits	-	-
Other long-term benefits	-	-
	<u>191,266</u>	<u>182,100</u>

**Note 17 : Retained Earnings (Accumulated Losses)**

(Accumulated losses) Retained earnings at the beginning of the financial year	(1,571,393)	(1,605,439)
Net Profit / (Loss) attributable to members of the company	228,078	34,046
	<u>(1,343,315)</u>	<u>(1,571,393)</u>
Accumulated losses at the end of the financial year		

**Spirit Telecom (Australia) Pty Ltd**

ABN 99 112 320 804

**Directors' Report**

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Your directors present this report on the company for the financial year ended 30 June 2014.

**Directors**

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

Geoff Neate  
Enrico Lenzi  
Michael Allen  
Branimir Sipak  
Terry Gray

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

**Operating Result**

The profit of the company for the financial year after providing for income tax amounted to:

Year ended	Year ended
30 June 2014	30 June 2013
\$	\$
228,078	34,047

**Principal Activities**

The principal activities of the company during the course of the year were provision of ultra fast internet to multi-dwelling units. No significant change in the nature of these activities occurred during the year.

**Significant Changes in the State of Affairs**

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

**After Balance Date Events**

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 subsequent financial years.

**Future Developments**

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

**Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Dividends**

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

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The accompanying notes form part of these financial statements.

## Spirit Telecom (Australia) Pty Ltd

ABN 99 112 320 804

### Directors' Report

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#### Share Options

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

#### Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

#### Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

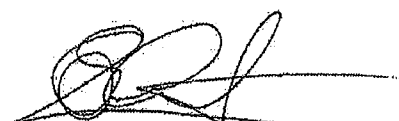
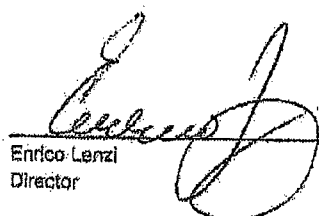
#### Proceedings on Behalf of Company

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

#### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

The directors' report is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001:

  
\_\_\_\_\_  
Geoff Neate  
Director  
\_\_\_\_\_  
Enrico Lenzi  
Director

Dated:

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The accompanying notes form part of these financial statements.

# Spirit Telecom (Australia) Pty Ltd

ABN 99 112 320 804

## Directors' Declaration

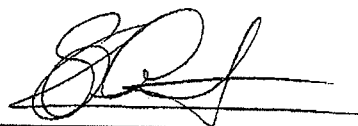
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The general purpose financial report has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

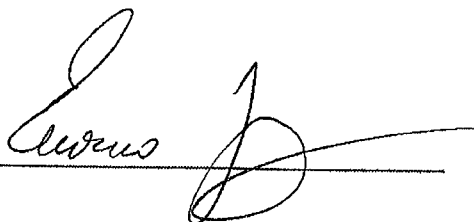
The directors of the company declare that:

1. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the company as at 30 June 2014 and of its performance, as represented by the results of its operations and its cash flows, for the period ending on the date in accordance with the statement of compliance and basis of preparation described in Note 1. and
  - (b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) to the extent described in Note 1, and the Corporations Act.
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.

The directors' declaration is signed in accordance with the resolution of the Directors made pursuant to s.296(5)(a) of the Corporations Act 2001.



Geoff Neate  
Director



Enrico Lenzi  
Director

Dated: 29.4.2015



## Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
**SPIRIT TELECOM (AUSTRALIA) PTY LTD**  
**A.B.N. 99 112 320 804**

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/review, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit/review.

Name of Firm: **Cursio & Co.**

Name of Principal: **Peter Cursio**

Date: **04/05/2015**

A handwritten signature in black ink, appearing to read "Peter Cursio", is written over a horizontal dotted line.

Address:  
26 Young Street,  
Moonee Ponds Vic 3039

*Liability limited by a scheme approved under Professional Standards Legislation*



**SPIRIT TELECOM (AUSTRALIA) PTY LTD**  
**ABN 99 112 320 804**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
SPIRIT TELECOM (AUSTRALIA) PTY LTD**

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**Scope**

We have audited the accompanying general purpose financial report of Spirit Telecom (Australia) Pty Ltd for the year ended **30 June 2014**, which comprises of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows, Notes to the Financial Statements, Directors' Report and Directors' Declaration for the financial year ended on that date.

**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 Interpretations) 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.

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**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.


**Audit Opinion**

- (a) In our opinion the financial report presents fairly 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 financial 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.

**CURSIO & CO**  
Chartered Accountants

**Date:** 04 May 2015

26 Young Street  
**MOONEE PONDS VIC 3039**

  
**PETER CURSIO**  
Principal