

SANDRINGHAM CAPITAL PTY LTD
A.B.N. 97 112 639 648

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2010

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SANDRINGHAM CAPITAL PTY LTD
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue	2	705,569	2,230,534
Other income	2	106	-
		<u>705,675</u>	<u>2,230,534</u>
Accountancy expenses		(5,790)	(5,670)
Administration expenses		(188,040)	(385,257)
Advertising expenses		(10,198)	(10,000)
Auditors' remuneration		(5,450)	(5,360)
Depreciation and amortisation expenses		(9,301)	(5,172)
Distribution expenses		(216,226)	(303,948)
Employee benefits expenses		(380,334)	(535,193)
Finance costs		(2,425)	(3,551)
Freight and cartage		-	(10,463)
Legal fees		(5,154)	(125,295)
Occupancy expenses		(73,568)	(120,692)
Travelling expenses		(38,466)	(48,038)
Other expenses		(5,300)	(13,461)
(Loss) Profit before income tax	3	<u>(234,577)</u>	<u>658,434</u>
Income tax expense	4	-	(204,803)
(Loss) Profit after income tax		<u>(234,577)</u>	<u>453,631</u>
Retained earnings at the beginning of the financial year		807,271	353,640
Dividend Paid		<u>(249,688)</u>	<u>-</u>
Profit attributable to members of the company		<u><u>323,006</u></u>	<u><u>807,271</u></u>

The accompanying notes form part of these financial statements.

SANDRINGHAM CAPITAL PTY LTD
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BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,816	2,135
Trade and other receivables	6	526,170	1,964,378
Financial assets	7	-	5,442
Other assets	8	36,038	6,241
TOTAL CURRENT ASSETS		<u>566,024</u>	<u>1,978,196</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,538	16,877
TOTAL NON-CURRENT ASSETS		<u>12,538</u>	<u>16,877</u>
TOTAL ASSETS		<u>578,562</u>	<u>1,995,073</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	92,385	368,406
Current tax liabilities	11	63,167	169,392
TOTAL CURRENT LIABILITIES		<u>155,552</u>	<u>537,798</u>
TOTAL LIABILITIES		<u>155,552</u>	<u>537,798</u>
NET ASSETS		<u>423,010</u>	<u>1,457,275</u>
EQUITY			
Issued capital	12	100,004	650,004
Retained earnings	13	323,006	807,271
TOTAL EQUITY		<u>423,010</u>	<u>1,457,275</u>

The accompanying notes form part of these financial statements.

SANDRINGHAM CAPITAL PTY LTD
A.B.N. 97 112 639 648

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 Statement of Significant Accounting Policies

The director has prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not apply deferred tax.

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

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 balance sheet.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or director's valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

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 not been discounted in determining recoverable amounts.

Financial Assets

Financial assets are brought to account at cost or director's valuation. Dividends and interest are brought to account when received.

SANDRINGHAM CAPITAL PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

SANDRINGHAM CAPITAL PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
2 Revenue		
Operating activities		
Distributions received	278	354
Interest received	11	3,122
Investment Management Fees	704,506	2,227,011
Other revenue	684	-
Total operating revenue	<u>705,479</u>	<u>2,230,487</u>
Non-operating activities		
Unrealised Gain (Loss) on Investments	90	47
Capital Gain (Loss) on Sale of Non-current Assets	106	-
Other income	196	47
Total Revenue	<u><u>705,675</u></u>	<u><u>2,230,534</u></u>
3 Profit before Income Tax		
Expenses		
Depreciation of property, plant and equipment	9,301	5,172
Auditor's Remuneration	<u>5,450</u>	<u>5,360</u>
4 Income Tax Expense		
The components of tax expense comprise:		
Income Tax Expense	-	194,142
Underprovision for Income Tax, Last Year	<u>-</u>	<u>10,661</u>
	<u>-</u>	<u>204,803</u>
The prima facie tax payable on profit (loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit (loss) before income tax at 30% (2009: 30%):	-	197,530
Under provision for income tax	<u>-</u>	<u>10,661</u>
	<u>-</u>	<u>208,191</u>
Less tax effect of:		
Unrealised gains on revaluation of assets	-	14
Blackhole expenditure	-	3,374
Income tax expense attributable to company	<u><u>-</u></u>	<u><u>204,803</u></u>

SANDRINGHAM CAPITAL PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
5 Cash and Cash Equivalents		
Cash on Hand	4	4
Cash at Bank	3,619	1,949
Commsec Bank Account	193	182
	<u>3,816</u>	<u>2,135</u>
6 Trade and Other Receivables		
Current		
Trade Debtors	18,516	1,834,299
Director's Loan	507,654	130,079
	<u>526,170</u>	<u>1,964,378</u>
The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.		
7 Financial Assets		
Current		
Units at Cost	<u>-</u>	<u>5,442</u>
8 Other Current Assets		
Current		
Rental Bond	-	5,666
Rental Deposit	36,038	-
Prepayments	-	575
	<u>36,038</u>	<u>6,241</u>
9 Property, Plant and Equipment		
Office Furniture & Equipment at Cost	34,168	29,206
Less: Accumulated Depreciation	<u>(21,630)</u>	<u>(12,329)</u>
	12,538	16,877
Total Plant and Equipment	<u>12,538</u>	<u>16,877</u>
Total Property, Plant and Equipment	<u>12,538</u>	<u>16,877</u>
10 Trade and Other Payables		
Current		
Trade Creditors	35,393	98,276
Mastercard Payable	13,060	8,408
Payroll Accruals Payable	11,560	66,388
GST Payable	32,372	195,334
	<u>92,385</u>	<u>368,406</u>

SANDRINGHAM CAPITAL PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
11 Tax		
Liabilities		
Current		
Income Tax Payable	<u>63,167</u>	<u>169,392</u>
12 Issued Capital		
7,712,121 Ordinary Shares		
10,625,000 Ordinary shares	650,004	650,004
Buyback 787,879 shares	(550,000)	-
Cancellation of 2,125,000 shares	-	-
	<u>100,004</u>	<u>650,004</u>
13 Retained Earnings		
Retained earnings at the beginning of the financial year	807,271	353,640
(Net loss) Net profit attributable to members of the company	(234,577)	453,631
Dividends provided for or paid	(249,688)	-
Retained earnings at the end of the financial year	<u>323,006</u>	<u>807,271</u>

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DIRECTOR'S DECLARATION

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

The director of the company declares that:

1. The financial statements and notes, as set out on pages 1 to 7 present fairly the company's financial position as at 30 June 2010 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director:



Ian Steuart Roe

Dated this

29th day of September 2010

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SANDRINGHAM CAPITAL PTY LTD
A.B.N. 97 112 639 648**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Sandringham Capital Pty Ltd which comprises the balance sheet as at 30 June 2010, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Director's Responsibility for the Financial Report

The director of the company is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the company's constitution and are appropriate to meet the needs of the members. The director's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 auditors' judgment, 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 auditors consider 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 director, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SANDRINGHAM CAPITAL PTY LTD
A.B.N. 97 112 639 648**

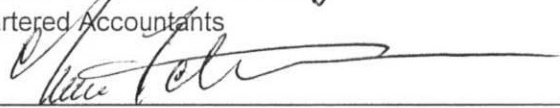
Auditors' Opinion

In our opinion, the financial report presents fairly, in all material aspects, the financial position of Sandringham Capital Pty Ltd as of 30 June 2010 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Name of Firm:


MORTON WATSON & YOUNG
Chartered Accountants

Name of Partner:



GRAEME A. HALLAM, F.C.A.

Address:

51 Robinson Street, Dandenong Vic 3175

Dated this

29 day of September 2010