# Spring Financial Group Pty Ltd and Controlled Entities

ABN: 23 146 936 763

## Consolidated Financial Statements

For the Year Ended 30 June 2012

# Contents

## For the Year Ended 30 June 2012

# Directors' Report
## 30 June 2012

The directors present their report, together with the financial statements of the Group, being the Group, Spring Financial Group Pty Ltd and its controlled entities, for the financial year ended 30 June 2012.

### 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:
Keith Cullen
Christos Kelesis

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 activities of the Group during the financial year were providing financial advice and dealing in financial products as per the Australian Financial Services Licence (AFSL) No. 391655 issued by the Australian Securities and Investments Commission, and, real estate marketing and sales services.

The following significant changes in the nature of the principal activities occurred during the financial year:

- The Group started real estate marketing and sales services during the year.

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

#### Operating results

The consolidated profit of the Group amounted to $ 2,399 (2011: loss of $376,517).

#### 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.

#### Review of operations

A review of the operations of the Group during the financial year and the results of those operations show that the revenue and profits are as in line with expectations of the directors along with results of real estate marketing and sales.

### 3. Other items

#### Significant changes in state of affairs

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

# Directors' Report
## 30 June 2012

**3. Other items continued**

### Events after the reporting date

Subsequent to the reporting date, the Group has fully settled the outstanding convertible notes as at 30 June 2012 either by payment or conversion into shares. Refer to Note 11 for further details.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

### Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

The Clean Energy Bill 2012 will have an indirect impact on the Group due to increased costs.

### Indemnification and insurance of officers and auditors

The Group has maintained an indemnity insurance cover in respect of directors and officers of the Group. Copies of the indemnity are available for inspection at the registered office of the Group. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for auditors of the Group.

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2012 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: ............................................................
Keith Cullen

Director: ............................................................
Christos Kelesis

Dated 4 June 2014

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of Spring Financial Group Pty Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Spring Financial Group Pty Limited and the entities it controlled during the year.

**Frank Vrachas**
Partner

**Rothsay Chartered Accountants**

Sydney, 4 June 2014



Chartered Accountants

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ABN: 59 087 479 410

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended 30 June 2012

| | Note | 2012 $ | 2011 $ |
|---|---|---|---|
| Revenue | 2 | 1,695,158 | 6,542 |
| Other income | 2 | 24,024 | - |
| Employee benefits expense | | (857,278) | (195,250) |
| Depreciation and amortisation expense | | (9,599) | (2,378) |
| Advertising & Marketing | | (173,030) | (27,025) |
| Rental expenses | | (314,003) | (74,761) |
| Other expenses | | (293,382) | (58,530) |
| Finance costs | 3 | (110,226) | (25,115) |
| **Profit before income tax** | | (38,336) | (376,517) |
| Income tax benefit | 4 | 40,735 | - |
| **Profit / (loss) for the period** | | 2,399 | (376,517) |
| **Other comprehensive income for the period, net of tax** | | - | - |
| **Total comprehensive income for the period** | | 2,399 | (376,517) |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

## As At 30 June 2012

| | Note | 2012 $ | 2011 $ |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | **55,842** | 223,235 |
| Trade and other receivables | 6 | **248,060** | 121,481 |
| Other assets | 9 | **33,422** | 74,887 |
| TOTAL CURRENT ASSETS | | **337,324** | 419,603 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | **291,988** | - |
| Investments in subsidiaries | | **-** | 100 |
| Property, plant and equipment | 7 | **50,953** | 60,552 |
| Deferred tax assets | 16 | **40,735** | - |
| Intangible assets | 8 | **758,116** | 714,975 |
| Other assets | 9 | **32,298** | - |
| TOTAL NON-CURRENT ASSETS | | **1,174,090** | 775,627 |
| TOTAL ASSETS | | **1,511,414** | 1,195,230 |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | **255,198** | 116,677 |
| Employee benefits | 13 | **35,334** | 38,948 |
| TOTAL CURRENT LIABILITIES | | **290,532** | 155,625 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 11 | **1,100,000** | 931,000 |
| Long-term provisions | 12 | **-** | 2,622 |
| TOTAL NON-CURRENT LIABILITIES | | **1,100,000** | 933,622 |
| TOTAL LIABILITIES | | **1,390,532** | 1,089,247 |
| NET ASSETS | | **120,882** | 105,983 |
| **EQUITY** | | | |
| Issued capital | 14 | **495,000** | 482,500 |
| Accumulated losses | | **(374,118)** | (376,517) |
| TOTAL EQUITY | | **120,882** | 105,983 |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2012

**2012**

| | Note | Ordinary Shares $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2011** | | 482,500 | (376,517) | 105,983 |
| Profit for the year | | - | 2,399 | 2,399 |
| Other comprehensive income for the year | | - | - | - |
| **Total comprehensive income for the year** | | - | 2,399 | 2,399 |
| **Transactions with owners in their capacity as owners** | | | | |
| Dividends provided for or paid | | - | - | - |
| Share based payment transactions | | 12,500 | - | 12,500 |
| **Balance at 30 June 2012** | | 495,000 | (374,118) | 120,882 |

**2011**

| | Note | Ordinary Shares $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| Loss for the period | | - | (376,517) | (376,517) |
| Other comprehensive income for the period | | - | - | - |
| **Total comprehensive income for the period** | | - | (376,517) | (376,517) |
| **Transactions with owners in their capacity as owners** | | | | |
| Dividends provided for or paid | | - | - | - |
| Shares issued during the period | | 482,500 | - | 482,500 |
| **Balance at 30 June 2011** | | 482,500 | (376,517) | 105,983 |

# Consolidated Statement of Cash Flows
## For the Year Ended 30 June 2012

| | Note | 2012<br>$ | 2011<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | 1,198,984 | 5,288 |
| Payments to suppliers and employees | | (1,483,741) | (349,508) |
| Interest received | | 842 | 1,254 |
| Finance costs | | (110,226) | (25,115) |
| Net cash used in operating activities | 22 | (394,141) | (368,081) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Proceeds from sale of investments | | 24,124 | - |
| Purchase of investments | | - | (100) |
| Purchase of property, plant and equipment | | - | (2,930) |
| Payment for intangible asset | | (43,141) | (103,889) |
| Loans to/from related parties - payments made/ amounts received | | 76,765 | (76,765) |
| Net cash provided by (used in) investing activities | | 57,748 | (183,684) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from the issue of convertible notes | | 169,000 | 775,000 |
| Net cash provided by financing activities | | 169,000 | 775,000 |
| Net increase (decrease) in cash and cash equivalents held | | (167,393) | 223,235 |
| Cash and cash equivalents at beginning of period | | 223,235 | - |
| Cash and cash equivalents at end of financial period | 5 | 55,842 | 223,235 |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

The financial report includes the consolidated financial statements and notes of Spring Financial Group Pty Ltd and controlled entities (the Group). Spring Financial Group Pty Ltd is a for profit Company.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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.*

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This is the first general purpose financial report to be prepared in accordance with IFRS. For periods up to and including the period ended 30 June 2011, the Group prepared its financial statements as a special purpose financial report in accordance with the full recognition and measurement, and selected presentation and disclosure requirements of Australian Accounting Standards (Previous GAAP). AASB 1053 Application of *Tiers of Australian Accounting Standards* requires application of AASB 1 *First Time Adoption of Australian Accounting Standards* when changing between special purpose financial report to Tier 1 reporting framework. Accordingly, on transition from Previous GAAP to Australian Accounting Standards, AASB 1 has been applied in preparing these financial statements. There have been no changes in the recognition and measurement; however additional disclosures have been included where applicable.

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.

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 19(a) to the financial statements.

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

## 1 Summary of Significant Accounting Policies continued

### (c) Business combinations

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

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

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

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

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

### (d) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

The comparatives for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the results of operations from 20 October 2010 (the date of the Company's incorporation) to 30 June 2011.

### (e) Income Tax

The tax expense recognised in the consolidated 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:

- 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.

## 1 Summary of Significant Accounting Policies continued

### (e) Income Tax continued

- 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.

Spring Financial Group Pty Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Current and deferred tax assets and liabilities are recognised in the head entity. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

### (f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

## 1 Summary of Significant Accounting Policies continued

### (f) Leases continued

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (g) Revenue and other income

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

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

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

**Interest revenue**

Interest is recognised using the effective interest method.

**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.

### (h) 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 consolidated statement of financial position.

Cash flows in the consolidated 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.

### (i) Plant and Equipment

Classes of plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

## 1 Summary of Significant Accounting Policies continued

### (i) Plant and Equipment continued

**Plant and equipment**

Plant and equipment are measured using the cost model.

**Depreciation**

The depreciable amount of all plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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

| Fixed asset class | Depreciation rate |
|---|---|
| Plant and Equipment | 4-17% |
| Furniture, Fixtures and Fittings | 4-17% |
| Office Equipment | 4-17% |
| Computer Equipment | 4-17% |

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.

### (j) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Group 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 consolidated statement of profit or

**1 Summary of Significant Accounting Policies continued**

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

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

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

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

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

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

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group 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 Group has no derivatives which are designated as financial assets at fair value through profit or loss.

**Held-to-maturity investments**

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

### 1 Summary of Significant Accounting Policies continued

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

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The Group has no available-for-sale financial assets. At the end of last fiancial year, the Company held investment in Spring Equities Pty Ltd

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

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

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

**Financial liabilities**

Financial liabilities are recognised when the Group 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.

The Group'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 Group 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 Summary of Significant Accounting Policies continued

#### (k) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### (l) Intangible Assets

**Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

## 1 Summary of Significant Accounting Policies continued

### (l) Intangible Assets continued

**Intangible assets with indefinite useful lives**

Brand names, website development and other intangible assets have been assessed to have indefinite useful lives provided that these assets have no or little cost to renew and are well established. The Group intends to renew these assets continuously and evidence supports the Group's ability to do so. These assets are able to generate net cash inflows for the Group for an indefinite period. Therefore, these assets are carried at cost without amortisation, but are tested for impairment annually.

**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.

### (m) Cash and cash equivalents

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

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

### (n) Employee benefits

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

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

### (o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle

## 1 Summary of Significant Accounting Policies continued

### (o) Provisions continued

the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

### (p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key estimates - impairment**

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

**Key judgments - provision for impairment of receivables**

The directors believe that the trade receivables amounting to $540,048 (2011: nil) are fully recoverable

### (q) 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 Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---|---|---|
| AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7 | 30 June 2016 | - Changes to the classification and measurement requirements for financial assets and financial liabilities.<br>- 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 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets | 30 June 2013 | Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale. | No impact expected. |
| AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements | 30 June 2014 | Highlights the disclosures not required in AASB 1054 for entities applying the RDR. | The entity is not adopting the RDR and therefore this standard is not relevant. |

# Notes to the Financial Statements

## For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

**(q) New Accounting Standards and Interpretations continued**

| | | | |
|---|---|---|---|
| AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS Manual and Related Amendments | 30 June 2013 | Standard is applicable for whole of government and general government financial statements only. AASB 2011 provides details of changes in accounting treatment due to the Government Finance Statistics manual. | Standard is not applicable and therefore there will be no impact on adoption. |
| AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates. | 30 June 2014 | AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.<br><br>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.<br><br>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. | The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.<br><br>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.<br><br>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance. |
| AASB 13 Fair Value Measurement.<br><br>AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] | 30 June 2014 | AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.<br><br>There are a number of additional disclosure requirements. | Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.<br><br>The entity has not yet determined the magnitude of any changes which may be needed.<br><br>Some additional disclosures will be needed. |

# Notes to the Financial Statements

**For the Year Ended 30 June 2012**

## 1 Summary of Significant Accounting Policies continued

### (q) New Accounting Standards and Interpretations continued

| | | | |
|---|---|---|---|
| AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] | 30 June 2014 | Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities. | The entity is not a disclosing entity and therefore this will have no impact. |
| AASB 2011 – 6 – Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131] | 30 June 2014 | This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. | Since the entity does not comply with the Reduced Disclosure Regime there is no impact on the adoption of this standard. |
| AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] | 30 June 2014 | This standard provides many consequential changes due to the release of the new consolidation and joint venture standards. | The impact of this standard is expected to be minimal. |
| AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income. | 30 June 2013 | Entities will be required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). | The items shown in other comprehensive income will be separated into two categories. |

**1 Summary of Significant Accounting Policies continued**

**(q) New Accounting Standards and Interpretations continued**

| | | | |
|---|---|---|---|
| AASB 119 Employee Benefits (September 2011)<br><br>AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements | 30 June 2014 | The main changes in this standard relate to the accounting for defined benefit plans and are as follows:<br><br>- elimination of the option to defer the recognition of gains and losses (the 'corridor method');<br><br>- requiring remeasurements to be presented in other comprehensive income; and<br><br>- enhancing the disclosure requirements. | Since the entity does not have a defined benefit plan, the adoption of these standards will not have any impact. |
| AASB 1053 | 30 June 2014 | This standard allows certain entities to reduce disclosures. | The entity is not able to apply this standard or the impact of this standard has not yet been determined as the entity has a choice on whether to apply |
| AASB 2010-10 | 30 June 2014 | Makes amendments to AASB 1 | No impact since the entity is not a first-time adopter of IFRS when this comes into effect. |

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 2 Revenue and Other Income

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Sales revenue | | |
| - Fees and commissions | 1,669,316 | 5,288 |
| | 1,669,316 | 5,288 |
| Finance income | | |
| - other interest received | 842 | 1,254 |
| | 842 | 1,254 |
| Other revenue | | |
| - Administration fees | 25,000 | - |
| | 25,842 | 1,254 |
| **Total Revenue** | 1,695,158 | 6,542 |

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Other Income | | |
| Gain / (loss) on disposal of subsidiary | 24,024 | - |
| **Total Other Income** | 24,024 | - |

### 3 Result for the Period

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| **Finance Costs** | | |
| **Financial liabilities measured at amortised cost:** | | |
| - Other interest expense | 1,287 | - |
| - Interest on convertible instruments | 108,939 | 25,115 |
| **Total finance costs** | 110,226 | 25,115 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 4 Income Tax Expense

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

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | $ | $ |
| **Current tax expense (income)** | | | |
| Current tax | | - | - |
| **Deferred tax expense** | | | |
| Deferred tax | 16 | (40,735) | - |
| **Total income tax expense (income)** | | (40,735) | - |

(b) Reconciliation of income tax to accounting profit:

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Profit for the period | (38,336) | (376,517) |
| Tax | 30% | 30% |
| Prima facie tax payable | (11,501) | (112,955) |
| Add: | | |
| Tax effect of: | | |
| - other non-allowable items | 32,700 | 1,717 |
| - Capital gains | 15,000 | - |
| | 36,199 | (111,238) |
| Less: | | |
| Tax effect of: | | |
| - non-taxable capital profit on sale of investments | 15,000 | - |
| - other deductible items | 143,509 | - |
| Income tax attributable to parent entity | (122,310) | (111,238) |
| Deferred tax assets not recognised | 81,575 | 111,238 |
| Income tax expense (benefit) | (40,735) | - |
| Weighted average effective tax rate | (17)% | - % |

### 5 Cash and cash equivalents

| 2012 | 2011 |
|---|---|
| $ | $ |

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 5 Cash and cash equivalents continued

| | | | |
|---|---|---|---|
| Cash at bank and in hand | | 55,842 | 223,235 |

**Reconciliation of cash**

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

| | | | |
|---|---|---|---|
| Cash and cash equivalents | 22 | 55,842 | 223,235 |

### 6 Trade and other receivables

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| CURRENT | | |
| Trade receivables | 248,060 | - |
| GST receivable | - | 44,716 |
| Related party receivables | - | 76,765 |
| **Total current trade and other receivables** | 248,060 | 121,481 |

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| NON-CURRENT | | |
| Trade receivables | 291,988 | - |
| **Total non-current trade and other receivables** | 291,988 | - |

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.

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 7 Property, plant and equipment

| | 2012 $ | 2011 $ |
|---|---|---|
| PLANT AND EQUIPMENT | | |
| Furniture, fixtures and fittings | | |
| At cost | **28,576** | 28,576 |
| Accumulated depreciation | **(4,635)** | (915) |
| Total furniture, fixtures and fittings | **23,941** | 27,661 |
| Office equipment | | |
| At cost | **5,755** | 5,755 |
| Accumulated depreciation | **(721)** | (144) |
| Total office equipment | **5,034** | 5,611 |
| Computer equipment | | |
| At cost | **17,800** | 17,800 |
| Accumulated depreciation | **(5,569)** | (1,109) |
| Total computer equipment | **12,231** | 16,691 |
| Other property, plant and equipment | | |
| At cost | **10,799** | 10,799 |
| Accumulated depreciation | **(1,052)** | (210) |
| Total other property, plant and equipment | **9,747** | 10,589 |
| **Total property, plant and equipment** | **50,953** | 60,552 |

# Notes to the Financial Statements

## For the Year Ended 30 June 2012

### 7 Property, plant and equipment continued

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

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

| Consolidated | Furniture, Fixtures and Fittings $ | Office Equipment $ | Computer Equipment $ | Other Property, Plant and Equipment $ | Total $ |
|---|---|---|---|---|---|
| **Year ended 30 June 2012** | | | | | |
| Balance at the beginning of year | 27,661 | 5,611 | 16,691 | 10,589 | 60,552 |
| Depreciation expense | (3,720) | (577) | (4,460) | (842) | (9,599) |
| **Balance at the end of the year** | 23,941 | 5,034 | 12,231 | 9,747 | 50,953 |

| Consolidated | Furniture, Fixtures and Fittings $ | Office Equipment $ | Computer Equipment $ | Other Property, Plant and Equipment $ | Total $ |
|---|---|---|---|---|---|
| **Period ended 30 June 2011** | | | | | |
| Balance at the beginning of period | - | - | - | - | - |
| Additions | 28,576 | 5,755 | 17,800 | 10,799 | 62,930 |
| Depreciation expense | (915) | (144) | (1,109) | (210) | (2,378) |
| **Balance at the end of the period** | 27,661 | 5,611 | 16,691 | 10,589 | 60,552 |

# Notes to the Financial Statements

## For the Year Ended 30 June 2012

### 8 Intangible Assets

| | Note | 2012<br>$ | 2011<br>$ |
|---|---|---|---|
| Goodwill at Cost | 22(c) | **621,086** | 621,086 |
| Brand names at Cost | | **23,610** | 15,740 |
| Website development at Cost | | **19,780** | 11,190 |
| Other intangible assets at Cost | | **93,640** | 66,959 |
| **Total Intangibles** | | **758,116** | 714,975 |

**Impairment disclosures**

For the purpose of impairment testing, goodwill is allocated to cash-generating units which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Financial Services | **621,086** | 621,086 |

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the yield of 5-year government bonds at the beginning of the budget period adjusted for the specific risks relating to the asset.

**Value-in-use assumptions**

The following assumptions were used in the value-in-use calculations:

| | Growth Rate | | Discount Rate | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Financial Services | **10.00%** | 10.00% | **20.00%** | 20.00% |

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate.

**Sensitivity to change of assumptions**

With regard to the assessment of the value-in-use of Financial Services, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

### 9 Other non-financial assets

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Prepayments | 30,222 | 68,487 |
| Deposit paid | 3,200 | 6,400 |
| | 33,422 | 74,887 |
| NON-CURRENT | | |
| Prepayments | 32,298 | - |
| | 32,298 | - |

### 10 Trade and other payables

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Unsecured liabilities | | |
| Trade payables | 57,537 | 65,556 |
| GST payable | 64,637 | - |
| Accrued expenses | 36,213 | 30,612 |
| Other payables | 96,811 | 20,509 |
| | (96,812) | (20,508) |
| | 255,198 | 116,677 |

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

### 11 Borrowings

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| NON-CURRENT | | |
| Secured liabilities: | | |
| Convertible Notes | 1,100,000 | 931,000 |
| **Total borrowings** | 1,100,000 | 931,000 |

The convertible notes carry a fixed interest rate of 12.5% per annum. The notes are repayable in three years or (subject to conditions) can be converted in equity at the option of the holders. The notes are secured by first ranking fixed and floating charge on the assets of Spring Financial Group Pty Limited.

In November 2013, the holder of 150,000 notes went into administration and as part of the negotiations between the Group and the appointed liquidator, a repayment of $65,000 as full settlement was agreed. This has been paid by the Group subsequent to the year end.

In April 2014, the holders of the remaining convertible notes exercised their right to convert 450,000 notes to 450,000 shares of Spring Financial Group Pty Limited. The company settled the balance remaining of $500,000 in cash.

## 12 Provisions

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| NON-CURRENT | | |
| Long service leave | - | 2,622 |
| | - | 2,622 |

## 13 Employee Benefits

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Current liabilities | | |
| Provision for employee benefits | 35,334 | 38,948 |
| | 35,334 | 38,948 |

## 14 Issued Capital

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| 2,080,000 (2011: 2,030,000) Ordinary shares | 495,000 | 482,500 |
| **Total** | 495,000 | 482,500 |

### (a) Ordinary shares

| | 2012 | 2011 |
|---|---|---|
| | No. | No. |
| At the beginning of the reporting period | 2,030,000 | - |
| Shares issued during the period | | |
| 20 October 2010 | - | 2 |
| 29 March 2011 | - | 2,029,998 |
| 28 February 2012 | 50,000 | - |
| At the end of the reporting period | 2,080,000 | 2,030,000 |

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

The Company does not have authorised capital or par value in respect of its shares.

### 14 Issued Capital continued

#### (b) Capital Management

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

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

The Company has to comply with base level financial requirements of its AFS Licence on an ongoing basis.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

### 15 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

**Specific risks**

- Market risk - currency 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 Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Borrowings

## 15 Financial Risk Management continued

### Objectives, policies and processes

Risk management is carried out by the Company's Board of Directors. The Directors have primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the Board of Directors.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure.

Specific information regarding the mitigation of each financial risk to which Group is exposed is provided below. There have been no substentive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for manageing or measuring the risks fro the previous period.

### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

| | 3 months to 1 year | | 1 to 5 years | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | $ | $ | $ | $ |
| Trade payables (excluding est. annual leave) | 255,198 | 116,677 | - | - |
| Convertible notes | - | - | 1,100,000 | 931,000 |
| **Total** | 255,198 | 116,677 | 1,100,000 | 931,000 |

# Notes to the Financial Statements
**For the Year Ended 30 June 2012**

## 15 Financial Risk Management continued

### Market risk

(i) Cash flow interest rate sensitivity

The Group is exposed to interest rate risk as funds are borrowed at fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates.

(ii) Other price risk

The Group is not exposed to commodity price risk.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 16 Tax

**Recognised deferred tax assets and liabilities**

| | Opening Balance | Charged to Income | Closing Balance |
|---|---|---|---|
| | $ | $ | $ |
| **Deferred tax assets** | | | |
| Deferred tax assets attributable to tax losses | - | 17,723 | 17,723 |
| Other | - | 23,012 | 23,012 |
| **Balance at 30 June 2012** | - | 40,735 | 40,735 |

(a) **Unrecognised deferred tax assets**

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

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Tax losses | 271,917 | 95,776 |
| Temporary differences | - | 17,179 |

### 17 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Directors fees | 159,000 | 58,000 |
| | 159,000 | 58,000 |

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 21: Related Party Transactions.

### 18 Remuneration of Auditors

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Remuneration of the auditor of the parent entity, Rothsay Chartered Accountants, for: | | |
| - auditing or reviewing the financial report | 20,000 | 5,500 |
| - taxation services | 1,796 | 3,650 |
| | 21,796 | 9,150 |

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

### 19 Interests in Subsidiaries

#### (a) Composition of the Group

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2012 | Percentage Owned (%)* 2011 |
|---|---|---|---|
| **Subsidiaries:** | | | |
| Spring FG Realty Pty Ltd | Australia | **100** | 100 |
| Spring Equities Pty Ltd | Australia | - | 100 |

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

### 20 Commitments and Contingencies

The Group did not have any non-cancellable commitments as at 30 June 2012 (30 June 2011: None).

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2012 (30 June 2011:None).

### 21 Related Parties

The Group's main related parties are as follows:

#### (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.

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel Compensation.

#### (b) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

The parent company held 100 ordinary shares, being 100% of ownership interest, in Spring Equities Pty Ltd during the financial year ended 30 June 2011. This interest has been sold during the financial year.

#### (c) Transactions with related parties

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

| | | Balance outstanding | |
|---|---|---|---|
| | Other transactions | Owed to the company | Owed by the company |
| **KMP related parties** | | | |
| Directors's fees | 159,000 | - | - |

*(i) Trade and other receivables*

| | Note | 2012<br>$ | 2011<br>$ |
|---|---|---|---|
| Other related parties | | | |
| Loans to other related parties: | | | |
| - beginning of the period | | 76,765 | - |
| - loans advanced | | - | 76,765 |
| - loan repayment received | | (50,789) | - |
| - debt forgiven | | (25,976) | - |
| - end of the period | 6 | - | 76,765 |

Unsecured loans are made to subsidiaries and other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 1 to 10 years.

### 22 Cash Flow Information

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

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

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Total profit or loss for the period | 2,399 | (376,517) |
| Cash flows excluded from profit attributable to operating activities | | |
| - Loss on investment in subsidiary | (24,024) | - |
| Non-cash flows in profit: | | |
| - depreciation | 9,599 | 2,378 |
| - share based payment expense | 12,500 | - |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: | | |
| - (increase)/decrease in trade and other receivables | (495,332) | (38,716) |
| - (increase)/decrease in other assets | 9,167 | (74,887) |
| - (increase)/decrease in deferred tax assets | (40,735) | - |
| - increase/(decrease) in trade and other payables | 138,521 | 116,677 |
| - increase/(decrease) in provisions | (6,236) | 2,984 |
| Cashflow from operations | (394,141) | (368,081) |

#### (b) Non-cash financing and investing activities

| | Note | 2012<br>$ | 2011<br>$ |
|---|---|---|---|
| Issue of shares under employee share scheme | 23 | 12,500 | - |
| | | 12,500 | - |

# Notes to the Financial Statements

## For the Year Ended 30 June 2012

### 22 Cash Flow Information continued

#### (c) Acquisition of business

During the year the Group acquired goodwill of $621,086, consisting of the following:

| | 29 March 2011 Acquisition $ | 18 April 2011 Acquisition $ | 20 April 2011 Acquisition $ |
|---|---|---|---|
| **Purchase consideration** | | | |
| Paid in cash | - | - | 10,000 |
| Paid in convertible notes | - | 150,000 | - |
| Paid in shares | 482,500 | - | - |
| **Total consideration** | 482,500 | 150,000 | 10,000 |
| **Assets and liabilities held at acquisition date:** | | | |
| Receivables | - | 6,000 | - |
| Property, plant and equipment | - | 60,000 | - |
| Employee benefits | - | (38,586) | - |
| Other loans | - | (6,000) | - |
| | - | 21,414 | - |
| **Goodwill on acquisition** | 482,500 | 128,586 | 10,000 |

On or around 29 March 2011, the Company acquired from its shareholders goodwill and database in consideration for 2,340,000 fully-paid shares of the Company valued at $482,500.

On 18 April 2011, the Company acquired the business of CWA Global Market Pty Ltd's equities desk under a License, Sale and Option Agreement. Under this agreement, the Company received plant and equipment and assumed the payroll liabilities of employees transferring to the Company. In return, the Company has issued 150,000 Convertible Notes to CWA Global Market Pty Ltd valued at $150,000.

On 20 April 2011, the Company acquired a customer list from Moneytree Partners Pty Ltd for a consideration of $10,000.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

### 23 Share-based Payments

The Company issued to Mitchell Ansiewicz, an employee, 50,000 shares (valued at $12,500) on 28 February 2012 and a further 125,000 shares (valued at $31,250) on 30 July 2012 for establishing the Brisbane office of the Company. The shares were fully vested at the time they are issued.

### 24 Events Occurring After the Reporting Date

In November 2013 and April 2014, the Group has paid and/or converted the outstanding convertible notes as at 30 June 2012. Refer to note 11 for details.

### 24 Events Occurring After the Reporting Date continued

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 25 Parent entity

The following information has been extracted from the books and records of the parent, Spring Financial Group Pty Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Spring Financial Group Pty Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

*Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

*Tax consolidation legislation*

Spring Financial Group Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

# Notes to the Financial Statements
## For the Year Ended 30 June 2012

**25 Parent entity continued**

| | 2012 $ | 2011 $ |
|---|---|---|
| **Statement of Financial Position** | | |
| Assets | | |
| Current assets | **337,324** | 419,603 |
| Non-current assets | **882,102** | 775,627 |
| Total Assets | **1,219,426** | 1,195,230 |
| Liabilities | | |
| Current liabilities | **289,813** | 155,625 |
| Non-current liabilities | **1,100,000** | 933,622 |
| Total Liabilities | **1,389,813** | 1,089,247 |
| Equity | | |
| Issued capital | **495,000** | 482,500 |
| Retained earnings | **(1,687,989)** | (376,517) |
| Total Equity | **(1,192,989)** | 105,983 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Total profit or loss for the period | **(1,311,472)** | (376,517) |
| Other comprehensive income | **-** | - |
| **Total comprehensive income** | **(1,311,472)** | (376,517) |

**Contingent liabilities**

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

**Contractual commitments**

The parent entity did not have any commitments as at 30 June 2012 or 30 June 2011.

**26 Company Details**

The registered office of and principal place of business of the company is:
Spring Financial Group Pty Ltd
Level 4
99 Bathurst Street
SYDNEY NSW 2000

**27 Approval of financial statements**

The financial statements were authorised for issue on 4 June 2014 by the directors of the Company.

# Directors' Declaration

In the directors' opinion:

1. the financial statements and notes for the year ended 30 June 2012 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   b. give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date, and

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issues by the International Accounting Standards Board.

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

Director ..........................................................................................................
Keith Cullen

Director ..........................................................................................................
Christos Kelesis

Dated 4 June 2014

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# INDEPENDENT AUDITOR'S REPORT

To the members of Spring Financial Group Pty Limited

## Report on the Financial Report

We have audited the accompanying financial report of Spring Financial Group Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Spring Financial Group Pty Limited and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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



Chartered Accountants

Level 1, 12 O'Connell Street, Sydney NSW 2000
GPO Box 542, Sydney NSW 2001
Phone: (02) 8815 5400 Fax: (02) 8815 5401

ABN: 59 087 479 410

Rothsay

**Independence**

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

**Opinion**

In our opinion:

(a) the financial report of Spring Financial Group Pty Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

**Rothsay Chartered Accountants**

**Frank Vrachas**

Partner

Sydney, 4 June 2014