

# **Australian Premier Finance Holdings Limited**

ACN: 099 912 044

**Annual Financial Report  
for the Financial Year Ended 30 June 2014**

**Australian Premier Finance Holdings Limited**  
**ACN: 099 912 044**

**Annual Financial Report**  
**for the Financial Year Ended 30 June 2014**

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# Australian Premier Finance Holdings Limited

ACN: 099 912 044

## Directors' Report

30 June 2014

The directors of Australian Premier Finance Holdings Limited and its controlled entities (the "Group ") submit herewith the annual financial report for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### 1. General information

#### Principal activities and significant changes in nature of activities

The Group specialise in the provision of finance in the automotive industry.

There were no significant changes in the nature of the Group's principal activities during the financial year.

#### Information on directors

The names and particulars of the directors of the Group who held office at anytime during or since the end of, the year are:

Mr Wayne Adsett	Director
Qualifications	FCA
Experience	Mr Adsett was a founding partner of Adsett & Braddock Chartered Accountants based in Auckland. He practiced for some 25 years before retiring from the practice and the profession. He specialized in management and taxation of medium sized businesses. He now oversees the management a number of companies activities in his role of investor, consultant and director.
Mr Kenneth Allen	Director
Experience	Mr Allen is CEO / Director Secretary and founder of the Group. Ken has been a Group director of numerous companies since June 1970. He has been a licensed Motor Dealer for more than 30 years and a specialist in motor vehicle finance. Ken is Australian born and educated in Sydney with tertiary qualifications in Management and Marketing. He has been a Justice of the Peace for 30 years and active member of Rotary International. He is a Past President of the Rotary Club of Williamtown and team leader of Group Study Exchange (Adult Professional) team to Philippines in 2004. He is presently a member of the Rotary Club of Newcastle. Ken is also Chairman of the Credit Committee of the Group.
Mr Mark Ellis	Director
Experience	Mr Ellis is the Managing Director (Australia and New Zealand) of Crown Worldwide Group and brings with him a wealth of managerial and financial experience. He is currently responsible for the operational and financial performance of companies generating in excess of A\$80m in revenues with over 500 employees.

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

#### Group secretary

Mr Andrew Whitten held the position of Group secretary for the financial year. Mr Whitten holds a Bachelor of Arts (Economics), Master of Law and Legal Practice (Corporate Finance and Securities Law), Graduate Diploma in Applied Corporate Governance and is an Affiliate of the Institute of Chartered Secretaries (ACIS) (membership pending). Mr Whitten is a Senior Associate with Whittens Lawyers and Consultants.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2014**

**Review of operations**

The profit of the Group for the financial year after providing for income tax amounted to \$7,832 (2013: loss \$14,436).

**Dividends paid or recommended**

In respect of the financial year ended 30 June 2014, no dividends were paid or declared to the shareholders of Australian Premier Finance Holdings Limited (2013: \$Nil).

**Significant Changes in State of Affairs**

No 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.

**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 2014 has been received and can be found on page 9 of the financial report.

**Non-audit services**

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is beneficial.

In these events the Board of directors will consider the position and seek advice that it is satisfied that the provision of the non audit services are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors will wish to be satisfied that the provision of non audit services by the auditor, will not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- a) All non audit services will have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- b) None of the services will undermine the general principles relating to auditor's independence as set out in APES 110 "Code of Ethics for Professional Accountants".

A copy of the auditor's declaration of independence as required under section 307C of the *Corporations Act* is set out on page 9.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2014**

**Non-audit services (cont.)**

Details of the amounts paid to the auditor of the Group, PKF Lawler Partners, and its related practices for audit and non-audit services provided during the period are set out in Note 5 in the notes to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed under the Corporations Act 2001.

**Options**

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

**Meetings of directors**

During the financial year, one meeting of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Wayne Adsett	1	1
Kenneth Allen	1	1
Mark Ellis	1	1

**Indemnification of officers and auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Australian Premier Finance Holdings Limited.

**Proceedings on behalf of the Group**

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

**Remuneration report (audited)**

This report details the nature and amount of remuneration for each director of Australian Premier Finance Holdings Limited, company secretary and for the executives receiving the highest remuneration.

**Remuneration policy**

The remuneration policy of Australian Premier Finance Holdings Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Australian Premier Finance Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2014**

**Remuneration policy (cont.)**

The total remuneration of directors is determined at a general meeting. Any increase must be approved at a general meeting provided notice of any suggested increase has been given when the meeting was convened. Once total directors' fees have been determined at a general meeting, the directors determine the amount to be paid to each director.

Any director who devotes special attention to the business of the Group, or who otherwise performs services, which in the opinion of other directors are outside the scope of ordinary duties, may be paid such extra remuneration as the directors may determine.

All directors are entitled to be reimbursed for any out of pocket expenses incurred by them whilst engaged on the business of the Group.

All remuneration paid to directors, company secretary and executives is valued at the cost to the Group and expensed. Shares given to directors, company secretary and executives are valued as the difference between the market price of those shares and the amount paid by the director, company secretary or executive.

Independent external advice is sought when required. Fees for non executive directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in future employee option plans.

**Remuneration details for the year ended 30 June 2014**

The remuneration for each director, company secretary and each of the two executive officers of the Group receiving the highest remuneration during the year was as follows:

<b>2014</b>	<b>Salary, Fees and Commissions (including superannuation)</b>	<b>Cash Bonus</b>	<b>Non-cash Benefits</b>	<b>Options</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Directors</b>					
Wayne Adsett	63,000	-	-	-	63,000
Kenneth Allen	-	-	-	-	-
Mark Ellis	-	-	-	-	-
<b>Company Secretary</b>					
Andrew Whitten	27,766	-	-	-	27,766
<b>Specified Executives</b>					
Carolyn Turner	93,474	-	-	-	93,474
Jason Allen	50,444	-	-	-	50,444
	<u>234,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,684</u>

**Remuneration report (audited)**

The remuneration of key management personnel of the Group does not include any performance based components. Accordingly, 100% of KMP is non-performance based.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2014**

**Details of remuneration for year ended 30 June 2013**

The remuneration for each director, company secretary and each of the two executive officers of the Group receiving the highest remuneration during the year ended 30 June 2013 was as follows:

2013	Salary, Fees and Commissions (including superannuation)	Cash Bonus	Non-cash Benefits	Options	Total
	\$	\$	\$	\$	\$
<b>Directors</b>					
Wayne Adsett	60,000	-	-	-	60,000
Kenneth Allen	-	-	-	-	-
Mark Ellis	-	-	-	-	-
<b>Company Secretary</b>					
Andrew Whitten	12,000	-	-	-	12,000
<b>Specified Executives</b>					
Carolyn Turner	95,042	-	-	-	95,042
Jason Allen	96,897	-	-	-	96,897
	263,939	-	-	-	263,939

**Performance based remuneration**

The remuneration of key management personnel of the Group does not include any performance based components. Accordingly, 100% of KMP is non-performance based.

**(b) Key Management Personnel Shareholdings**

The number of ordinary shares in Australian Premier Finance Holdings Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
<b>30 June 2014</b>				
Wayne Adsett	14,863,782	-	-	14,863,782
Kenneth Allen	7,806,891	-	-	7,806,891
Mark Ellis	8,212,740	-	-	8,212,740
Carolyn Turner	250,000	-	-	250,000
Jason Allen	250,000	-	-	250,000
	31,383,413	-	-	31,383,413

	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
<b>30 June 2013</b>				
Wayne Adsett	14,863,782	-	-	14,863,782
Kenneth Allen	7,806,891	-	-	7,806,891
Mark Ellis	8,212,740	-	-	8,212,740
Carolyn Turner	250,000	-	-	250,000
Jason Allen	250,000	-	-	250,000
	31,383,413	-	-	31,383,413

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2014**

**Employments contracts of directors, company secretary and senior executives**

There were no cash bonuses paid to key management personnel during the financial year.

**Options and Rights Granted**

There were no options or rights granted to key management personnel during the financial year.

**Additional Information**

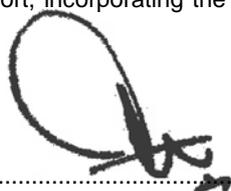
NSX Listing rules 6.9(9) and (10) require an analysis of the Group for the last five financial years. The Directors consider that, given the entity significantly changed its business in 2010, that the following information would only be useful for the past four financial years:

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales revenue	2,658,575	2,426,955	2,352,728	3,087,082
EBITDA	1,067,742	1,044,408	650,201	576,294
EBIT	1,033,955	1,021,787	642,462	571,369
Profit/(loss) after income tax	7,832	(14,436)	(309,813)	(307,302)

The factors that are considered to affect total shareholders return (TSR) are summarised as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Share price at financial year end (\$A cents)	5 cents	5 cents	5 cents	10 cents
Total dividends declared (A\$ cents per share)	-	-	-	-
Basic earnings per share	0.01	(0.02)	(0.53)	(0.53)

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Director: .....  
Wayne Adsett

Dated: 12 September 2014

Newcastle, NSW

**Australian Premier Finance Holdings Limited**  
**ACN: 099 912 044**

**Corporate Governance Statement**  
**30 June 2014**

**BOARD COMPOSITION AND MEMBERSHIP**

The number of directors must consist of no fewer than three and no more than seven.

As at the date of this report the board consisted of three non-executive directors (W Adsett, K Allen and M Ellis). The directors have elected Mr Adsett as Chairman. Individual details of directors, including their skills and experience, are set out in the Directors' Report.

**DIRECTORS' ARRANGEMENTS**

The Group's constitution provides that a director may hold office in any other entity that the Group deals with, with the exception of acting in the capacity of external auditor. Each director must disclose their interests in any other entities with whom the Group deals.

It is the practice of the board that when a conflict of interest or a potential conflict of interest exists, the director concerned withdraws from that part of the meeting whilst the matter is being considered. At the discretion of the other board members and depending on the degree to which a conflict exists, the director concerned may be able to be present during discussions but cannot vote or exert influence over other members of the board.

**REMUNERATION OF DIRECTORS**

The total remuneration of non executive directors is determined at a general meeting. Any increase must be approved at a general meeting provided notice of any suggested increase has been given when the meeting was convened. Once total non executive directors' fees have been determined at a general meeting, the directors determine the amount to be paid to each non executive director. Executive directors are not entitled to receive directors' fees.

Any director who devotes special attention to the business of the Group, or who otherwise performs services, which in the opinion of other directors are outside the scope of ordinary duties, may be paid such extra remuneration as the directors may determine.

All directors are entitled to be reimbursed for any out of pocket expenses incurred by them whilst engaged on the business of the Group.

Further details regarding the Group's remuneration policy are dealt with in the Directors' Report.

**SHARE TRADING POLICY**

The Group's share trading policy regulates dealings by the Group's directors, employees and personally related entities of directors and employees in any securities issued by the Group.

The purpose of the policy is to ensure that the Group's directors and employees are aware of the legal restrictions on trading any securities issued by the Group while such a person is in possession of unpublished price sensitive information. Additionally, the policy is intended to minimise the chance that misunderstandings or suspicions may arise if the Group's directors or employees are trading in securities while it is reasonable to assume that they may be in possession of price sensitive information. The policy recognises that it may be illegal to trade in the Group's securities while in possession of unpublished price sensitive information.

**CORPORATE GOVERNANCE STATEMENT AUDIT COMMITTEE**

The Group has not established an audit committee at 30 June 2014 due to the current size of the Group. Any matters of an audit nature are discussed with the external auditors. It is the intention of the board to establish an audit committee when the Group reaches a size for the establishment to be cost effective.

**Australian Premier Finance Holdings Limited**  
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**Corporate Governance Statement**  
**30 June 2013**

**RISK MANAGEMENT**

The board is ultimately responsible for the management and performance of the Group. The board considers the management of risk as one of its key responsibilities. The following processes or procedures have been established to curtail or prevent the occurrence of risks within the Group's operations.

- The establishment of a Credit Management Committee which approves all finance applications. As part of this process, only the Authorised Credit team can approve applications. Sales functions are separated from credit functions which further strengthen the approval process.
- The establishment of a detailed Credit Policy which stipulates the type of financing activities the Group will participate in. This policy is regularly reviewed to ensure it remains relevant.
- The establishment of a Security Register that details specific information in relation to certain types of securities that are held.
- Periodic audit of our information technology systems which includes the identification and rectification of any potential weaknesses that may exist within the constraints of an organisation of this size.

**AUDIT**

The board is responsible for the selection and appointment of the external auditor. To ensure the independence of the auditor, the Group will not use the services of the external auditor in a capacity that may jeopardize this independence.

**CONTINUOUS DISCLOSURE AND REPORTING**

The Group is aware of its responsibilities in relation to continuous disclosure as required by the Corporations Act 2001. Directors are also aware of their disclosure obligations at board meetings to keep the Group informed of any matters that are of a serious or significant nature that other directors should be aware of. The outcomes of discussions at board meeting are recorded in the Group's minutes.

**Australian Premier Finance Holdings Limited**

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**PKF LAWLER PARTNERS**  
Chartered Accountants

Newcastle

Dated: 12 September 2014

**CLAYTON HICKEY**  
Partner

**Australian Premier Finance Holdings Limited**  
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**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Financial Year Ended 30 June 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Revenue	2	2,658,575	2,426,955
Cost of sales	3	(332,604)	(400,322)
Administrative expense		(702,908)	(630,274)
Finance costs	3	(993,632)	(913,435)
Bad and doubtful debts expense	3	(403,264)	(209,358)
Other expenses		(195,882)	(165,214)
<b>Profit / (loss) before income tax</b>		<b>30,285</b>	<b>108,352</b>
Income tax benefit/(expense)	4	(22,453)	(122,788)
<b>Profit / (loss) for the year after income tax</b>		<b>7,832</b>	<b>(14,436)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>7,832</b>	<b>(14,436)</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings per share (cents)	7	0.01	(0.02)
Diluted earnings per share (cents)	7	0.01	(0.02)

The accompanying notes form part of these financial statements

**Australian Premier Finance Holdings Limited**  
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**Statement of Financial Position**  
**as at 30 June 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	17(a)	332,522	349,957
Trade and other receivables	8	1,913,684	1,996,708
<b>TOTAL CURRENT ASSETS</b>		<b>2,246,206</b>	<b>2,346,665</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	4,822,009	4,052,626
Property, plant and equipment	9	34,581	53,469
Deferred tax assets	4(c)	153,111	185,567
Intangible assets	10	207,233	220,542
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,216,934</b>	<b>4,512,204</b>
<b>TOTAL ASSETS</b>		<b>7,463,140</b>	<b>6,858,869</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	45,715	53,153
Borrowings	12	3,804,732	3,816,297
Employee benefits	13	15,572	26,943
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,866,019</b>	<b>3,896,393</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	3,632,410	3,008,155
Employee benefits	13	26,110	23,552
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,658,520</b>	<b>3,031,707</b>
<b>TOTAL LIABILITIES</b>		<b>7,524,539</b>	<b>6,928,100</b>
<b>NET (LIABILITIES) / ASSETS</b>		<b>(61,399)</b>	<b>(69,231)</b>
<b>EQUITY</b>			
Issued capital	14	182,700	182,700
Reserves	25	(179,322)	(179,322)
Accumulated losses		(64,777)	(72,609)
<b>TOTAL EQUITY</b>		<b>(61,399)</b>	<b>(69,231)</b>

The accompanying notes form part of these financial statements

**Australian Premier Finance Holdings Limited**  
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**Statement of Changes in Equity**  
**for the Financial Year Ended 30 June 2014**

<b>2014</b>	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Acquisition Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2013</b>	182,700	(72,609)	(179,322)	(69,231)
Profit for the year ended 30 June 2014	-	7,832	-	7,832
<b>Balance at 30 June 2014</b>	182,700	(64,777)	(179,322)	(61,399)

<b>2013</b>	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Acquisition Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2012</b>	182,700	(58,173)	(179,322)	(54,795)
Loss for the year ended 30 June 2013	-	(14,436)	-	(14,436)
<b>Balance at 30 June 2013</b>	182,700	(72,609)	(179,322)	(69,231)

The accompanying notes form part of these financial statements

**Australian Premier Finance Holdings Limited**  
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**Statement of Cash Flows**  
**for the Financial Year Ended 30 June 2014**

	2014	2013
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	787,024	843,609
Payments to suppliers and employees	(1,203,854)	(1,159,045)
Interest received	1,871,551	1,562,782
Interest paid	(670,706)	(612,495)
New loans issued	(3,161,086)	(2,872,403)
Loan payments received	2,071,464	1,437,010
Income taxes paid/(refunded)	-	-
Net cash provided by (used in) operating activities	17(b) (305,607)	(800,542)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,590)	(41,645)
Purchase of intangible assets	-	(33,418)
Net cash provided by (used in) investing activities	(1,590)	(75,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(22,993)	-
Proceeds from borrowings	312,755	364,195
Dividends paid	-	-
Net cash provided by (used in) financing activities	289,762	364,195
Net increase (decrease) in cash and cash equivalents held	(17,435)	(511,410)
Cash and cash equivalents at beginning of financial year	349,957	861,367
Cash and cash equivalents at end of financial year	17(a) 332,522	349,957

The accompanying notes form part of these financial statements

**Australian Premier Finance Holdings Limited**  
**ACN: 099 912 044**

**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies**

**(a) General information**

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report of Australian Premier Finance Holdings Limited (the "Group") complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report was authorised for issue by the Board of Directors on 12 September 2014.

**(b) Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**(c) Income tax**

**Current income tax expense**

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

**Deferred income tax assets**

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

**Accounting for deferred tax**

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

**Deferred tax calculation**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

**(d) Basis of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(d) Basis of Consolidation (cont'd)**

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

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

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

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

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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(e) Property, Plant and Equipment (cont'd)**

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

**Depreciation rates**

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and Equipment	37.5 %
Furniture, Fixtures and Fittings	6-33 %
Software	37.5 %

**(f) Intangibles**

**Intellectual Property**

Intellectual property costs are recorded as an intangible asset. Costs are capitalised as an intangible asset, where such costs will derive future economic benefits. The intellectual property has not been amortised over its useful life, as it is deemed to be an intangible asset with an indefinite useful life.

**Goodwill**

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or Groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or Groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash-generating unit (or Group of cash-generating units) is less than the carrying amount of the cash-generating unit (or Groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or Group of cash-generating units) and then to the other assets of the cash-generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or Group of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

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**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(g) Impairment of non-financial assets**

**Impairment determination**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be fully recoverable.

The Group monitors the recoverability of assets, based on factors such as current market value, future asset utilisation, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Group's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the discounted estimate of future cash flows from the asset.

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held to maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities**

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(h) Financial instruments**

**Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit and loss.

**(i) Cash and cash equivalents**

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

**(j) Revenue and other income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of services is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

The Group is registered for GST. As the majority of the Group's income is input taxed, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense with the exception of debt recovery costs and other immaterial expense items where the Group is eligible to claim a reduced input tax credit.

In AHP, revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

**(k) Trade and other payables**

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

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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(l) Adoption of new and revised accounting standards**

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of ABC Limited.

**(i) Consolidated financial statements**

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 July 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 127: Separate Financial Statements;
- AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These Standards became mandatorily applicable to the Group from 1 July 2013.

The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current reporting period are as follows:

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(a).

*Joint arrangements:*

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting. Joint ventures will generally be required to be accounted for using the equity method under AASB 11. The proportionate consolidation method is no longer permitted.

However, this has not impacted on the Group's financial statements as the Group currently has no joint arrangement.

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**Notes to the Financial Statements**  
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*Disclosure of interest in other entities:*

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries,

joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. Particularly the financial information of subsidiaries in which there is a material non-controlling interest has now been included in Note 21.

**(ii) Fair value measurement**

The Group has adopted AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable to the Group from 1 July 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value.

New disclosures prescribed by AASB 13 that are material to this financial report have been provided in the notes to this financial report. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(b), should be incorporated in these financial statements.

**(iii) Stripping costs**

The Group has adopted AASB Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine and AASB 2011–12: Amendments to Australian Accounting Standards arising from Interpretation 20 from 1 July 2013. The Interpretation and the Amending Standard became mandatorily applicable to the Group from 1 July 2013.

Interpretation 20 addresses waste removal costs that are incurred in surface mining activity ("stripping costs") during the production phase of the mine and prescribes accounting requirements for recognition and measurement of such costs. On transition, existing production phase stripping costs need to be written off to retained earnings unless they can be attributed to an identifiable component of an ore body.

The directors have determined that the Interpretation did not result in any significant changes to the amounts reported in the Group's financial statements, as the Group does not have any previously recognised asset balances that resulted from stripping activity undertaken during the production phase of a mine.

**(iv) Other**

Other new and amending Standards that became applicable to the Group for the first time during this reporting period are as follows:

- AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

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**Notes to the Financial Statements**  
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**(m) New accounting standards for application in future periods**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)**

*Applicable for the financial year ended 30 June 2018*

These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

Once adopted, this standard will affect the Group's accounting for its available-for-sale financial assets resulting in fair value gains and losses associated with the instruments being recognised directly in profit or loss.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

**AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

*Applicable for the financial year ended 30 June 2015*

This standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment. These amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Additional disclosures may be necessary if the Group has impaired assets going forward.

There are no other new and revised accounting standards which are expected to have a material impact on the group.

**(n) Critical accounting estimates and judgements**

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

***Significant accounting estimates***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

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**Notes to the Financial Statements**  
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**1 Summary of Significant Accounting Policies (cont'd)**

***Provision for impairment of receivables***

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of receivables and other factors that affect receivables.

***Estimation of useful lives of assets***

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

***Goodwill and other indefinite life intangible assets***

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

***Income tax***

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liability for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

***Recovery of deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

***Long service leave provision***

As discussed in Note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

***Significant accounting judgements***

In the process of applying the Group's accounting policies, management has not made any judgements which have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(o) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(p) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**(q) Finance costs**

Finance costs attributable to qualifying assets and capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

**(r) Employee benefits**

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely possible, the estimate future cash outflows.

**(s) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Premier Finance Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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**Notes to the Financial Statements**  
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**1 Summary of Significant Accounting Policies (cont'd)**

**(t) Going concern**

The consolidated entity has prepared the financial report on a going concern basis. The consolidated entity recorded a post-tax profit of \$7,832 for the year ended 30 June 2014 with negative operating cash flows of \$305,607 (2013: \$800,542) and net liabilities at 30 June 2014 of \$61,399 (2013: loss of \$14,436 and net liabilities of \$69,231).

While, as disclosed elsewhere as a subsequent event, the entity is currently undergoing a management buyback of Australian Premier Finance Company Pty Limited, the directors consider the preparation of the financial report on a going concern basis as a result of the following:

- the directors successfully selling the shares in Australian Premier Finance Holdings Limited to a third party to allow a reverse acquisition to occur;
- Should the sale of the shares in Australian Premier Finance Holding Limited not occur at the date of the management buy-back, the directors of Australian Premier Finance Holdings Limited providing the required financial support to ensure the Company continues to meet its financial obligations as and when they fall due (until sale); or
- The directors place the company into liquidation, with the current directors and shareholders to provide financial support to ensure the Company continues to meet its financial obligations as and when they fall due (until liquidation).

The financial report has been prepared on a going concern basis for the above reasons. Accordingly the financial report does not contain any adjustments relating to recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**(u) Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observed market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principle market for the asset or liability (ie the market with the greatest volume and level of activity for the asset and liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(u) Fair Value of Assets and Liabilities (cont'd)**

**(i) Valuation techniques**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**(ii) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

**1 Summary of Significant Accounting Policies (cont'd)**

**(u) Fair Value of Assets and Liabilities (cont'd)**

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- i. if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- ii. if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

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**Notes to the Financial Statements**  
**for the Financial Year Ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>2 Revenue and Other Income</b>		
Services revenue	658,302	761,542
Interest income - loans	1,868,130	1,542,218
Interest income – bank	3,421	20,564
Bad debt recoveries	128,722	102,631
	<b>2,658,575</b>	<b>2,426,955</b>
<b>3 Profit from Ordinary Activities</b>		
Cost of sales	332,604	400,322
Finance costs	993,632	913,435
Bad and doubtful debts expense	403,264	209,358
Depreciation and amortisation	30,115	22,621
Loss on disposal of property, plant and equipment	3,672	6,544
	<b>1,763,287</b>	<b>1,552,280</b>
<b>4 Income Tax Expense</b>		
<b>(a) The components of tax (benefit)/ expense comprise:</b>		
Originating and reversing temporary differences	32,457	122,788
Over provision of income tax in prior year	(10,004)	
	<b>22,453</b>	<b>122,788</b>
<b>(b) The prima facie (benefit)/ expense tax on profit from ordinary activities is reconciled to the income tax as follows:</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Income tax expense/(benefit) calculated at 30% (2013: 30%)	9,085	32,505
	<b>9,085</b>	<b>32,505</b>
Add tax effect of:		
- other non-allowable items	23,371	90,283
	<b>23,371</b>	<b>90,283</b>
Less tax effect of:		
- (over)/under provision in prior year	(10,004)	-
Income tax expense attributable to profit from ordinary activities	<b>22,453</b>	<b>122,788</b>
The applicable weighted average effective tax rates are as follows:	<b>74.1%</b>	<b>113.3%</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**Australian Premier Finance Holdings Limited**  
**ACN: 099 912 044**

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

	2014 \$	2013 \$
<b>(c) Deferred tax</b>		
Deferred tax assets comprise:		
Temporary differences	63,091	58,312
Tax losses- revenue	90,020	127,255
	153,111	185,567

Taxable losses and deductible temporary differences arise from the following:

	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance \$
<b>Deferred tax assets</b>						
Provision for doubtful debts	91,167	(59,954)	-	-	-	31,213
Accruals	10,446	1,506	-	-	-	11,952
Employee benefits	14,485	663	-	-	-	15,148
Tax losses- revenue	192,257	(65,003)	-	-	-	127,254
<b>Balance at 30 June 2013</b>	308,355	(122,788)	-	-	-	187,567
Provision for doubtful debts	31,213	7,051	-	-	-	38,264
Accruals	11,952	370	-	-	-	12,322
Employee benefits	15,148	(2,644)	-	-	-	12,505
Tax losses- revenue	127,254	(37,234)	-	-	-	90,020
<b>Balance at 30 June 2014</b>	187,567	(32,457)	-	-	-	153,111

**5 Auditor's Remuneration**

	2014 \$	2013 \$
Remuneration of the auditor of the parent entity, for:		
- auditing the financial report (i)	25,000	28,000
- review of interim financial report (i)	5,415	5,250
	30,415	33,250

(i) This reflects the remuneration paid to PKF Lawler Partners, as auditors of Australian Premier Finance Holdings Limited.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

	2014 \$	2013 \$
<b>6 Dividends</b>		
Final fully franked preference share dividend of \$784,156 (2013: \$Nil ) franked at the tax rate of 30%	336,067	-
Adjusted franking account balance	200,551	536,618
<b>7 Earnings per Share</b>		
(a) Earnings Used in Calculation of EPS		
Profit/(Loss) for the year	7,832	(14,436)
	<b>2014 No.</b>	<b>2013 No.</b>
(b) Weighted Average Number of Shares Used in Calculation of EPS		
Ordinary EPS	58,256,207	58,256,207
	<b>2014 \$</b>	<b>2013 \$</b>
<b>8 Trade and Other Receivables</b>		
<b>CURRENT</b>		
Trade receivables	2,033,241	2,018,646
Provision for impairment	(127,547)	(104,040)
	1,905,694	1,914,606
Prepayments	7,482	7,173
Other receivables	508	74,929
	1,913,684	1,996,708
<b>NON-CURRENT</b>		
Trade receivables	4,822,009	4,052,626

**(a) Trade receivables**

The Group has assessed receivables and recognised an allowance for doubtful debts for those that they deem may not be recoverable based on percentages greater than 90 days plus any arrears that management believe may be uncollectable using previous experience.

Before accepting any new customer, the Group uses an internal credit policy to assess the potential customer's credit quality. There are no customers who represent more than 5% of the total balance of trade receivables.

**(b) Aged analysis**

Trade receivables disclosed above include amounts (see below for aged analysis) that are receivable at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**8 Trade and Other Receivables (continued)**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Not overdue	6,152,555	5,390,731
1-30 days overdue	523,045	445,625
31-60 days overdue	52,033	88,606
61-90 days overdue	-	24,375
91+ days overdue	127,547	17,895
	<u>6,855,180</u>	<u>5,967,232</u>

**(c) Movement in the provision for impairment of receivables**

Movement in the provision for impairment of receivables is as follows:

Balance at beginning of year	104,040	303,888
Impairment losses recognised on receivables	531,985	311,202
Amounts written off during the year	(379,756)	(409,206)
Bad debts recouped	(128,722)	(101,844)
Balance as the end of the year	<u>127,547</u>	<u>104,040</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

**9 Property, Plant and Equipment**

Plant and equipment - at cost	46,593	56,871
Less: accumulated depreciation	(20,466)	(17,065)
	<u>26,127</u>	<u>39,806</u>
Furniture, fixtures and fittings - at cost	13,907	30,238
Less: accumulated depreciation	(5,453)	(16,575)
	<u>8,454</u>	<u>13,663</u>
	-	-
	<u>34,581</u>	<u>53,469</u>

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**9 Property, Plant and Equipment (cont'd)**

**(a) Movements in Carrying Amounts**

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Software \$	Total \$
<b>Balance at 1 July 2012</b>				
Balance at the beginning of the year	2,804	23,930	20,000	46,734
Additions	41,645	-	-	41,645
Disposals	-	(6,544)	-	(6,544)
Transfers out	-	-	(20,000)	(20,000)
Depreciation expense	(4,643)	(3,723)	-	(8,366)
<b>Balance at 30 June 2013</b>	<b>39,806</b>	<b>13,663</b>	<b>-</b>	<b>53,469</b>
<b>Balance at 1 July 2013</b>				
Balance at the beginning of the year	39,806	13,663	-	53,469
Additions	1,590	-	-	1,590
Disposals	(151)	(3,521)	-	(3,672)
Transfers out	-	-	-	-
Depreciation expense	(15,118)	(1,688)	-	(16,806)
<b>Balance at 30 June 2014</b>	<b>26,127</b>	<b>8,454</b>	<b>-</b>	<b>34,581</b>

	2014 \$	2013 \$
<b>10 Intangible Assets</b>		
Goodwill	81,379	81,379
Intellectual property	100,000	100,000
Software	25,854	39,163
	<b>207,233</b>	<b>220,542</b>

**(a) Reconciliation of movements**

	Goodwill \$	Intellectual property \$	Software \$	Total \$
<b>Year ended 30 June 2013</b>				
Balance at the beginning of the year	81,379	100,000	39,163	220,542
Closing value at 30 June 2013	81,379	100,000	39,163	220,542
<b>Year ended 30 June 2014</b>				
Balance at the beginning of the year	81,379	100,000	39,163	220,542
Amortisation expense	-	-	(13,309)	(13,309)
Closing value at 30 June 2014	81,379	100,000	25,854	207,233

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**10 Intangible Assets (cont'd)**

**(b) Useful Lives**

The directors consider the intellectual property to have an indefinite useful life.

**(c) Impairment testing**

The recoverable amount of the consolidated entity's goodwill and intellectual property has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further three years using a steady rate, together with a terminal value. The terminal is determined by applying a 3 times multipliers to the discounted cash flows at 5 years.

Key assumptions are those to which the recoverable amount of an asset of cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- Revenue Growth rate: 0% (2013: 0%)
- Expense Growth rate: 3% (2013: 3%)
- Discount rate: 15% (2013: 15%)

The discount rate of 15% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average costs of capital, the risk free rate and the volatility of the share price relative to market movements.

There was nil impairment at 30 June 2014 (2013: nil) as a result of recoverable amount assessment. Sensitivity analysis of 2-5% movement in key details identified no potential impairment indicators.

**11 Trade and Other Payables**

Trade and other payables

<b>2014</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>
45,715	53,153
45,715	53,153

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>12 Borrowings</b>		
<b>CURRENT</b>		
Unsecured liabilities:		
Northview Group Ltd (a)	412,425	376,384
Charles Garrison (a)	-	673,174
Hern Investments Ltd (formerly Vintage Cellars Ltd) (a)	182,654	180,455
MP Ellis Holdings P/L aff The Ellis Hybrid (a)	565,083	511,937
RAE Group Ltd (a)	272,014	248,244
Adsett & Associates (a)	272,014	248,243
K & J Allen (a)	-	877,760
Texbon Pty Limited (c)	968,883	-
Superannuation Fund of Panama (b)	743,059	500,000
	3,416,132	3,616,197
Secured liabilities:		
Adsett & Associates Ltd (b)	100	100
Turner Family Superannuation Fund (b)	188,500	-
MP Ellis Holdings P/L aff MP Ellis Superannuation Fund (b)	200,000	200,000
	388,600	200,100
	3,804,732	3,816,297
<b>NON-CURRENT</b>		
Unsecured liabilities:		
	-	-
Secured liabilities:		
Superannuation Fund of Panama Inc. (b)	3,632,410	3,008,155
	3,632,410	3,008,155
	7,437,142	6,824,452

(a) On 30 September 2013, the Holders of the Redeemable Preference Shares ("RPS") issued by Australian Premier Finance Holdings Limited exercised their right to redeem the RPS at a redemption rate of \$1.00 per share. The Holders advanced all capital receivable and outstanding dividends payable to APF. Interest is payable on these loans at a rate of 10% per annum calculated quarterly in arrears. The total consideration on redemption including dividends payable was \$3,194,103. The principal and accrued interest is payable within 14 days of a request being made by the lender, and should a request be made by one lender it does not automatically follow that the entire advance from all lenders must be repaid. Only those amounts specifically requested must be repaid within 14 days of the request.

These loans have been classified as current in accordance with AASB101.

(b) These loans are secured by a fixed and floating charge over the Group's assets registered with Personal Property Securities Register (PPSR).

(c) On 1 January 2014 the loan from K & J Allen was assigned to Texbon Pty Limited, a related party of K & J Allen. This loan is on same terms as previous agreement.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>13 Employee Benefits</b>		
CURRENT		
Employee entitlements (a)	15,572	26,943
NON CURRENT		
Employee entitlements (a)	26,110	23,552

**(a) Total employee entitlements**

Carrying amount at the start of the year	50,495	48,284
Net additional provisions/deductions during the year	(8,813)	2,211
Carrying amount at the end of the year	41,682	50,495

**14 Issued Capital**

58,256,207 fully paid ordinary shares (2013: 58,256,207)	182,700	182,700
	182,700	182,700

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
<b>(a) Fully paid ordinary shares</b>		
At the beginning of the reporting period	58,256,207	58,256,207
Shares issued during the year	-	-
At the end of the reporting period	58,256,207	58,256,207

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(b) Capital Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital consists of ordinary share capital and financial liabilities, supported by financial and other assets. There are no externally imposed working capital restrictions or capital requirements.

Management effectively manage the Group's capital include management of debt levels and share issues when further capital is required. There have been no changes to this strategy during the period.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**15 Contingent Liabilities and Contingent Assets**

There are no contingent assets or liabilities in existence at balance date not otherwise disclosed in the financial report.

**16 Segment Reporting**

The Group operates in one business segment that being to provide finance for the purchase of motor vehicles. The Group operates predominately in one geographical segment that being Australia.

**17 Cash Flow Information**

**(a) Reconciliation of cash**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	332,522	349,957
	332,522	349,957
	332,522	349,957

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

Reconciliation of loss to net cash provided by operating activities:

Net profit/(loss) for the period	7,832	(14,436)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- Interest payable on redeemable preference shares & loans	322,928	300,940
- Depreciation and amortisation	30,115	22,621
- Bad/ doubtful debts	403,264	209,358
- Loss on disposal of plant & equipment	3,672	6,544
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- decrease/(increase) in loan receivables	(1,089,622)	(1,435,393)
- (increase)/decrease in deferred tax assets	32,456	122,788
- (decrease)/increase in trade payables and accruals	(7,439)	(15,175)
- decrease/(increase) in current tax balances	-	-
- increase/(decrease) in provisions	(8,813)	2,211
Cashflow from operations	(305,607)	(800,542)

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**18 Events After the End of the Reporting Period**

On the 1 September 2014, the shareholders of the Company approved the sale of Australian Premier Finance Company Pty Limited as part of a management buy back. The purchaser of the Company was an entity related with Mr Ken Allen, a current director and shareholder in Australia Premier Finance Holdings Limited.

The parties have entered into an asset sale agreement, with the purchase price being equal to the value of loan funding owed to Mr Allen and his associated company, that being a purchase price of \$2,594,799. The agreement enables these loans to be offset against the consideration payable.

The date of the sale transaction is unknown as at the date of this report.

There have not been any other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**19 Group Details**

The registered office of the Group is:

Whittens Lawyers and Consultants  
 Suite 9, Level 5  
 137 139 Bathurst Street  
 SYDNEY NSW 2000

The principal places of business is:

3 Industrial Crescent  
 LEMON TREE PASSAGE NSW 2319

**20 Related Party Transactions**

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

Related Party Name	Type of services and purpose of transaction	Value of Current Year Transactions	Value of Outstanding Balances and Commitments
Adsett & Associates	Management fees paid to Adsett & Associates	63,000	-
Adsett & Associates	Preference shares/loans held and accrued interest owing.	23,771	272,015
Adsett & Associates	Loan owing to Adsett & Associates	-	100
K & J Allen	Preference shares/loans held and accrued interest owing.	44,428	968,882
Lemon Tree Car Sales	Debtor repaid during 2014	-	-
MP Ellis Holdings	Preference shares/loans held and accrued interest owing.	53,146	565,083
MP Ellis Holdings	Mark Ellis provides a loan to APF via MP Ellis Holdings.	34,000	200,000
Northview Group	Wayne Adsett provides a loan to APF via Northview Group.	36,041	412,425

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**20 Related Party Transactions(cont'd)**

Related Party Name	Type of services and purpose of transaction	Value of Current Year Transactions	Value of Outstanding Balances and Commitments
Pensioner Financial Services	Rent and outgoings paid to PFS for building at 3 Industrial Close Lemon Tree Passage (principal place of business)	91,431	-
Texbon	Consultancy fees paid to Texbon.	114,594	-
Turner Nominees	Carolyn Turner provides a loan to APF via Turner Nominees.	27,147	188,500
Whittens Lawyers	Andrew Whitten provides company secretarial services to the Group	23,742	-

**21 Financial Instruments**

**(a) Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans to and from subsidiaries and bank bills.

The main purpose for non derivative financial instruments is to raise finance for Group operations. The Group does not have any derivative financial instruments at the end of the financial year.

**(b) Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a stringent policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group has specific policies with respect to the approval of loans to counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

The Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties with similar characteristics.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**21 Financial Instruments (continued)**

**(c) Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>										
Cash and cash equivalents	1.00	3.66	-	-	332,522	349,957	-	-	332,522	349,957
Trade and other receivables	31.00	31.00	6,855,181	6,071,272	-	-	508	74,929	6,855,689	6,146,201
<b>Total Financial Assets</b>			6,855,181	6,071,272			508	74,929	7,188,211	6,496,158
<b>Financial Liabilities:</b>										
Trade and other payables			-	-	-	-	45,715	53,153	45,715	53,153
Borrowings	13.93	14.22	7,437,142	6,824,452	-	-	-	-	7,437,142	6,824,452
<b>Total Financial Liabilities</b>			7,437,142	6,824,452	-	-	45,715	53,153	7,482,857	6,877,605

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2014**

**21 Financial instruments (continued)**

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and has determined that any fluctuations would not have a material impact on profit or equity. The Group is exposed to interest rate risk on its finance leases and cash at bank however any changes affecting these would be minimal.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points lower/higher and all other variables were held constant the Group's profit for the year ended 30 June 2014 would decrease/increase by \$1,663 (2013: decrease/increase by \$1,750). This is attributable to the Group's exposure to interest rates on its variable rate borrowings and variable rate loans receivable.

The Group is not exposed to any other market rate fluctuations.

**(e) Net fair values**

The net fair value approximates the carrying value of financial assets and liabilities of the economic entity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

**(f) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have established an appropriate liquidity risk management framework for the management of the Group's short – medium – long – term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**22 Parent entity information**

A summarised financial position and performance of AHP, the legal parent entity, is as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current assets	508	-
Non-current assets	2,737,744	2,795,511
Total assets	<u>2,738,252</u>	<u>2,795,511</u>
Current liabilities	3,845,255	3,626,416
Non-current liabilities	-	-
Total Liabilities	<u>3,845,255</u>	<u>3,626,416</u>
Capital	1,119,611	1,119,611
Retained earnings	(1,950,516)	(1,950,516)
Net profit/ (loss) for the period	<u>(276,098)</u>	<u>(488,593)</u>
Total comprehensive income	<u>(276,098)</u>	<u>(488,593)</u>

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

**22 Parent entity information (continued)**

AHP does not have any contingent assets or liabilities, guarantees or contractual commitments in existence at balance date not otherwise disclosed in the financial report.

**23 Subsidiaries**

Details of the subsidiaries of the 'accounting' parent, APF, at 30 June 2014 are as follows:

Name of subsidiary	Principal Activity	Place of incorporation & operation	Proportion of ownership interest & voting power	
			2014	2013
Australian Premier Finance Holdings	Dormant	Australia	0% *	0% *

\* The shares of Australia Premier Finance Holdings Limited are held by external shareholders.

**24 Capital and Leasing Commitments**

The Group does not have any capital expenditure in existence at balance date not otherwise disclosed in the financial report.

***Lease commitments – operating***

Committed at the reporting date but not recognised as liabilities, payable:

	2014	2013
	\$	\$
Within one year	89,781	36,760
One to five years	134,671	-
More than five years	-	-
	224,452	36,760

The above lease commitments relates to the rental of premises at 3 Industrial Crescent at Lemon Tree Passage, New South Wales.

**25 Reserves**

Acquisition reserve

	2014	2013
	\$	\$
Acquisition reserve	179,322	179,322
<b>Movement in reserves</b>		
Opening balance	179,322	179,322
Movement in current year	-	-
<b>Closing balance</b>	179,322	179,322

**Australian Premier Finance Holdings Limited**  
**ACN: 099 912 044**

**Directors' Declaration**

The directors of the Group declare that:

1. The financial statements and notes, as set in the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and notes to the financial statements, are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001;
  - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity;
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issues by the International Accounting Standards Board; and
  - d. the directors have been given the declarations required by s.295A of the Corporations Act.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Director .....  
Wayne Adsett

Dated: 12 September 2014

Newcastle, NSW

## Independent Audit Report to the members of Australian Premier Finance Holdings Limited

### Report on the Financial Report

We have audited the accompanying financial report of Australian Premier Finance Holdings Limited and controlled entities (the Group), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard *AASB 101: Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *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* was provided to the directors of Australian Premier Finance Holdings Limited and controlled entities on 13 September 2014.

**Independent Audit Report to the members of  
Australian Premier Finance Holdings Limited**

*Auditor's Opinion*

In our opinion, the financial report of Australian Premier Finance Holdings Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 1 (t) in the financial report, which indicates that the company incurred an operating cash flow deficit of \$305,607 during the year ended 30 June 2014 and, as of that date, the company's liabilities exceeded its total assets by \$61,399. These conditions, along with other matters as set forth in Note 1 (t), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Remuneration Report**

We have audited the Remuneration Report included in pages 3 to 6 of the report of directors for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion, the Remuneration Report of Australian Premier Finance Holdings Limited for the year ended 30 June 2014, complies with s300A of the *Corporations Act 2001*.

**PKF LAWLER PARTNERS**  
Chartered Accountants

**CLAYTON HICKEY**  
Partner

Newcastle

Dated: 12 September 2014

# Australian Premier Finance Holdings Limited

## Additional Information for Listed Public Companies 30 June 2014

### Top 20 Ordinary Shareholders as at 30 June 2014.

Shareholder	Shares	% of Issued
Northview Group Ltd	14,863,782	25.51
Mr Charles P Garrison	10,866,987	18.65
MP Ellis Holdings Pty Ltd <The Ellis Hybrid A/C>	8,212,740	14.10
Mr Kenneth D Allen	7,806,891	13.40
Ms Joan A Allen	7,806,891	13.40
Vintage Cellars Ltd	2,904,247	4.99
A C Labels Pty Ltd	986,805	1.69
Sterling Growth Pty Limited	604,890	1.04
Palm Leaf Pty Limited	504,226	0.87
Springfresh Marketing Pty Limited <Dash Family Staff S/F A/C>	440,000	0.76
Mr Jason K Allen	250,000	0.43
Ms Carolyn A Turner	250,000	0.43
Exchequer Investments Ltd	250,000	0.43
Rae Group Ltd	250,000	0.43
Cryogen Australia Pty Ltd	200,000	0.34
Mr Greg Mark Bunt	90,042	0.15
Mr Anthony Paul Moran	90,042	0.15
Shirley David	66,196	0.11
Mr Ian Edward Bollen & Ms Susan Patricia Kelly	50,000	0.09
Samuel Clarke Investments Pty Ltd <Clarke Family A/C>	50,000	0.09
Donscape Pty Ltd <M & J Taylor Family A/C>	50,000	0.09
<b>Total</b>	<b>56,593,739</b>	<b>97.15</b>

Number of ordinary shares held	Number of shareholders	Total units	Percentage holdings %
1 – 1,000	2	2,000	0.003
1,001 – 5,000	194	576,500	0.990
5,001 – 10,000	54	482,474	0.828
10,001 – 100,000	29	997,774	1.713
100,001 and over	15	56,197,459	96.466
<b>Total</b>	<b>294</b>	<b>58,256,207</b>	<b>100.00</b>