

# **Australian Premier Finance Holdings Limited**

**ACN: 099 912 044**

**Annual Financial Report  
for the Financial Year Ended 30 June 2012**

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

**Annual Financial Report**  
**for the Financial Year Ended 30 June 2012**

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# Australian Premier Finance Holdings Limited

ACN: 099 912 044

## Directors' Report

30 June 2012

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 2012. 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

APF 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 company 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 APF. Ken has been a company 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 APF.
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.

#### Company secretary

Mr Andrew Whitten held the position of company 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 2012**

### **Review of operations**

The net loss of the Group for the financial year after providing for income tax amounted to \$309,813 (2011: loss \$307,302).

### **Dividends paid or recommended**

In respect of the financial year ended 30 June 2012, no dividends were paid or declared to the shareholders of Australian Premier Finance Company Limited (2011: \$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 2012 has been received and can be found on page 10 of the financial report.

### **Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company 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 10.

# Australian Premier Finance Holdings Limited

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## Directors' Report

30 June 2012

### Non-audit services (cont.)

Details of the amounts paid to the auditor of the company, 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 company 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, 2 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Wayne Adsett	2	2
Kenneth Allen	2	2
Mark Ellis	2	2

### 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 company

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

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

# Australian Premier Finance Holdings Limited

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## Directors' Report

30 June 2012

### Remuneration report (audited)

This report details the nature and amount of remuneration for each director of Australian Premier Finance Holdings Limited, 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.

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 company, 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 company.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director 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 company and are able to participate in future employee option plans.

### Remuneration details for the year ended 30 June 2012

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

	Salary, Fees and Commissions (including superannuation)	Cash Bonus	Non-cash Benefits	Options	Total
2012	\$	\$	\$	\$	\$
<b>Directors</b>					
Wayne Adsett	60,000	-	-	-	60,000
Kenneth Allen	-	-	-	-	-
Mark Ellis	-	-	-	-	-
<b>Specified Executives</b>					
Carolyn Turner	90,803	-	-	-	90,803
Jason Allen	83,981	-	-	-	83,981
	234,784	-	-	-	234,784

# Australian Premier Finance Holdings Limited

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## Directors' Report

30 June 2012

### Remuneration report (audited)

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

### Details of remuneration for year ended 30 June 2011

The remuneration for each director and each of the two executive officers of the Group receiving the highest remuneration during the year ended 30 June 2011 was as follows:

	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>Specified Executives</b>					
Carolyn Turner	43,006	-	-	-	43,006
Jason Allen	42,193	-	-	-	42,193
	145,199	-	-	-	145,199

### Performance based remuneration

The remuneration of key management personnel of the company does not include any performance based components. Accordingly, 100% of KMP is non-performance based. During the prior financial year, Mr J Allen, Mr K Allen and Ms C Turner received remuneration from Texbon Pty Limited, who has a management agreement with Australian Premier Finance Co Pty Limited.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2012**

**(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:

	<b>Balance at beginning of year</b>	<b>Shares acquired/ (disposed)</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
<b>30 June 2012</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
	<b>31,383,413</b>	<b>-</b>	<b>-</b>	<b>31,383,413</b>

	<b>Balance at beginning of year</b>	<b>Shares acquired/ (disposed)</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
<b>30 June 2011</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
	<b>31,383,413</b>	<b>-</b>	<b>-</b>	<b>31,383,413</b>

**Employments contracts of directors 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.

**Australian Premier Finance Holdings Limited**  
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**Directors' Report**  
**30 June 2012**

**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 three financial years:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales revenue	2,352,728	3,087,082	4,319,608
EBITDA	650,201	576,294	1,486,443
EBIT	642,462	571,369	1,485,649
Profit / (loss) after income tax	(309,813)	(307,302)	440,162

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

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Share price at financial year end (\$A cents)	5 cents	10 cents	10 cents
Total dividends declared (A\$ cents per share)	-	-	-*
Basic earnings per share	(0.53)	(0.53)	0.83

\* The dividend paid in 2010 was prior to the reverse acquisition in March 2010. Accordingly, it was not considered appropriate to disclose this dividend in this analysis for comparative information purposes.

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

Director: .....  
Wayne Adsett

Dated: 18 September 2012

Newcastle, NSW

# **Australian Premier Finance Holdings Limited**

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## **Corporate Governance Statement**

**30 June 2012**

### **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 Company's constitution provides that a director may hold office in any other entity that the Company 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 Company 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 Company, 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 Company.

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

### **SHARE TRADING POLICY**

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

The purpose of the policy is to ensure that the Company's directors and employees are aware of the legal restrictions on trading any securities issued by the Company 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 Company'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 Company's securities while in possession of unpublished price sensitive information.

### **CORPORATE GOVERNANCE STATEMENT AUDIT COMMITTEE**

The company has not established an audit committee at 30 June 2012 due to the current size of the company. 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 company reaches a size for the establishment to be cost effective.

**Australian Premier Finance Holdings Limited**  
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**Corporate Governance Statement**  
**30 June 2012**

**RISK MANAGEMENT**

The board is ultimately responsible for the management and performance of the Company. 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 Company's operations.

- The establishment of a Credit Management Cell 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 Company 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 Company will not use the services of the external auditor in a capacity that may jeopardize this independence.

**CONTINUOUS DISCLOSURE AND REPORTING**

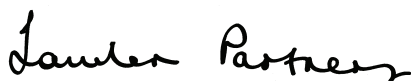
The Company is aware of its responsibilities in relation to continuous disclosure as required by the Corporations Act 2001. Directors are also aware of their disclosure obligations at board meetings to keep the Company informed of any matters that are of a serious or significant nature that other directors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

**Australian Premier Finance Holdings Limited**  
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**Auditor's 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 2012, 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.



**LAWLER PARTNERS**  
Chartered Accountants



**CLAYTON HICKEY**  
Partner

Date: 18 September 2012

Newcastle, NSW

**Australian Premier Finance Holdings Limited**  
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**Statement of Comprehensive Income**  
**for the Financial Year Ended 30 June 2012**

		2012	2011
	Note	\$	\$
Revenue	2	2,352,728	3,087,082
Cost of sales	3	(383,401)	(612,859)
Administrative expense		(831,417)	(516,498)
Finance costs	3	(976,089)	(915,692)
Bad and doubtful debts expense	3	(352,642)	(710,781)
Factoring and usage fees		-	(553,501)
Other expenses		(142,806)	(122,174)
<b>Loss before income tax</b>		(333,627)	(344,423)
Income tax benefit/(expense)	4	23,814	37,121
<b>Loss for the year after income tax</b>		<u>(309,813)</u>	<u>(307,302)</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>(309,813)</u>	<u>(307,302)</u>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings per share (cents)	7	(0.53)	(0.53)
Diluted earnings per share (cents)	7	<u>(0.53)</u>	<u>(0.53)</u>

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 2012**

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	17(a)	861,367	435,610
Trade and other receivables	8	2,372,547	3,556,171
Current tax asset	4(c)	-	42,755
<b>TOTAL CURRENT ASSETS</b>		<u>3,233,914</u>	<u>4,034,536</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	2,450,752	3,171,481
Property, plant and equipment	9	46,734	35,685
Deferred tax assets	4(d)	308,355	284,541
Intangible assets	10	181,379	181,379
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,987,220</u>	<u>3,673,086</u>
<b>TOTAL ASSETS</b>		<u><u>6,221,134</u></u>	<u><u>7,707,622</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	68,327	90,045
Borrowings	12	100	-
Employee benefits	13	26,161	24,243
<b>TOTAL CURRENT LIABILITIES</b>		<u>94,588</u>	<u>114,288</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	6,159,219	7,327,889
Employee benefits	13	22,123	10,428
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>6,181,342</u>	<u>7,338,317</u>
<b>TOTAL LIABILITIES</b>		<u>6,275,930</u>	<u>7,452,605</u>
<b>NET (LIABILITIES) / ASSETS</b>		<u><u>(54,796)</u></u>	<u><u>255,018</u></u>
<b>EQUITY</b>			
Issued capital	14	182,700	182,700
Reserves	26	(179,322)	(179,322)
(Accumulated losses) / retained earnings		<u>(58,173)</u>	<u>251,640</u>
<b>TOTAL EQUITY</b>		<u><u>(54,796)</u></u>	<u><u>255,018</u></u>

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 2012**

	Ordinary Shares \$	Retained Earnings \$	Acquisition Reserve \$	Total \$
<b>2012</b>				
<b>Balance at 1 July 2011</b>	182,700	251,640	(179,322)	255,018
Loss for the year ended 30 June 2012	-	(309,813)	-	(309,813)
<b>Balance at 30 June 2012</b>	182,700	(58,173)	(179,322)	(54,796)

	Ordinary Shares \$	Retained Earnings \$	Acquisition Reserve \$	Total \$
<b>2011</b>				
<b>Balance at 1 July 2010</b>	182,700	558,942	(179,322)	562,320
Loss for the year ended 30 June 2011	-	(307,302)	-	(307,302)
<b>Balance at 30 June 2011</b>	182,700	251,640	(179,322)	255,018

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 2012**

	2012	2011
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	847,823	761,721
Payments to suppliers and employees	(1,355,108)	(1,830,342)
Interest received	1,504,905	2,394,608
Interest paid	(721,841)	(769,481)
New loans issued	(1,661,841)	(1,557,659)
Loan payments received	3,213,553	4,618,236
Income taxes paid/(refunded)	42,755	(129,430)
Net cash provided by (used in) operating activities	17(b) 1,870,246	3,487,653
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(21,670)	(37,180)
Net cash provided by (used in) investing activities	(21,670)	(37,180)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(1,422,819)	(3,691,895)
Proceeds from borrowings	-	285,000
Dividends paid	-	-
Net cash provided by (used in) financing activities	(1,422,819)	(3,406,895)
Net increase (decrease) in cash and cash equivalents held	425,757	43,578
Cash and cash equivalents at beginning of financial year	435,610	392,032
Cash and cash equivalents at end of financial year	17(a) 861,367	435,610

The accompanying notes form part of these financial statements

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**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 “company”) 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 company 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 13 September 2012.

**(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.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(c) Income tax (continued)**

**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 the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Each class of property, plant and equipment is carried at cost or fair value 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.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

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

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the company 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.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(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 company 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 company'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 company'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**  
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**1 Summary of Significant Accounting Policies (continued)**

**(h) Financial instruments**

**Impairment**

At each reporting date, the company 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).

**(k) Goods and services tax (GST)**

The Group is registered for GST. As the majority of APF'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 company 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.

**(l) 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.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

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

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- AASB 2010-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Report'

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures,' in particular emphasis of the interaction between the quantitative and qualitative disclosures in the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments,' and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting.'

- AASB 2010-5 'Amendments to Australian Accounting Standards'

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

- AASB 124 'Related Party Disclosures' (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standards simplified the definition of a related party by clarifying its intended meaning and elimination inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

- AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. The amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved in the risks associated with them. Additional disclosures are now required when;

- i. an asset is transferred but is not derecognised; and
- ii. when assets are derecognised but the consolidated entity has a continuing exposure to the asset after sale.

- AASB 1054 'Australian Additional Disclosures'

The consolidated entity has applied AASB 1054 amendments from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase 1 of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(m) Adoption of new and revised accounting standards (continued)**

- AASB 2011-1 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project'

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian Accounting Standards for the conformity of drafting with IFRSs but without any intention to change requirements.

**(n) New accounting standards for application in future periods**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing this financial report. The potential effect of the revised standards/interpretations on the consolidated entity's financial statements has not yet been determined.

- AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax Recovery of Underlying Assets'

The mandatory application date is 1 January 2012. These amendments clarify that the tax base of investment property measured using the fair value model in accordance with AASB 140 *Investment Property* is based on the premise that the carrying amount will be recovered entirely through sale rather than through use.

- AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The mandatory application date is 1 July 2012. These amendments make a number of changes to the presentation of other comprehensive income including presenting separately those items that would be reclassified to profit or loss in future and those that would never be reclassified to profit or loss and the impact of tax on those items.

- AASB 9 'Financial Instruments,' AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'

The mandatory application date is 1 January 2013. In AASB 9 (December 2010), the AASB added requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option; and certain derivatives linked to unquoted equity instruments.

The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9.

AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset.

The guidance in AASB 139 on impairment of financial asset and on hedge accounting continues to apply.

The IASB has deferred the application date of IFRS 9 until 1 January 2015, however the AASB has yet to issue a corresponding amendment to AASB 9(2010) and AASB 9 (2009).

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(n) New accounting standards for application in future periods (continued)**

- AASB 10 'Consolidated Financial Statements'

The mandatory application date is 1 January 2013. AASB 10 introduces a new approach to determining which investee should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

- AASB 127 'Separate Financial Statements (2011)'

The mandatory application date is 1 January 2013. AASB 127 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements with some minor clarifications.

- AASB 11 'Joint Arrangements'

The mandatory application date is 1 January 2013. If the parties have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and they must use the equity method to account for their interest.

- AASB 128 'Investment in Associates and Joint Ventures (2011)'

The mandatory application date is 1 January 2013. Limited amendments have been made to AASB 128 including the application of AASB 5 *Non-current Assets held for Sale and Discontinued Operations* to interests in associates and joint ventures and how to account for changes in interests in joint ventures and associates.

- AASB 12 'Disclosures of Interests in Other Entities'

The mandatory application date is 1 January 2013. AASB 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'

The mandatory application date is 1 January 2013. This standard gives effect to many consequential changes to a number of standards arising from the issuance of the new consolidation and joint arrangements standard.

- AASB 13 'Fair value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The mandatory application date is 1 January 2013. AASB 13 explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exists in certain standards.

- AASB Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine (November 2011)'

The mandatory application date is 1 January 2013. This interpretation clarifies that surface mining companies will capitalise production stripping costs that benefit future periods if certain criteria are met.

- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009 – 2011 Cycle'

The mandatory application date is 1 January 2013. A collection of non-current but necessary improvements to the following accounting standards: AASB 1, AASB 101, AASB 116, AASB 132, AASB 134 and AASB Interpretation 2.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(n) New accounting standards for application in future periods (continued)**

- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (June 2012)'

The mandatory application date is 1 January 2013. AASB 7 is amended to increase the disclosures about offset positions, including the gross position and the nature of the arrangements.

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

The mandatory application date is 1 January 2013. AASB 119 is amended focusing on but not limited to the accounting of defined benefit plans. In addition it changes the definition of short-term and other long-term employee benefits and some disclosure requirements.

- AASB 2012-4 'Amendments to Australian Accounting Standards – Government Loans'

The mandatory application date is 1 January 2013. This standard adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 to require that first-time adopters apply the requirements in AASB 139 (or AASB 9) and AASB 120 prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards.

- AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'

The mandatory application date is 1 January 2013. Those entities who prepare general purpose financial statements, that do not have public accountability, may take advantage of reduced disclosure requirements under the new differential reporting framework.

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key management Personnel Disclosure Requirements'

The mandatory application date is 1 January 2013. Removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. Companies will still need to provide these disclosures in the Remuneration Report under section 300A of the *Corporations Act 2001*.

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (June 2012)'

The mandatory application date is 1 January 2014. The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet.

- Change in mandatory effective date for IFRS 9

The mandatory application date is 1 January 2015. The IASB has deferred the mandatory effective date of IFRS 9 from 1 January 2013 to 1 January 2015. IFRS 9 is still available for early adoption.

- Transition Guidance for IFRS 10, IFRS 11 and IFRS 12

The mandatory application date is 1 January 2013. The IASB have issued these amendments to IFRS 10 and IFRS 11 to simplify transition and provide relief from the disclosures in respect of unconsolidated structured entities on transition to the suite of consolidation standards.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(n) New accounting standards for application in future periods (continued)**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(o) 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:

***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 inventories and other factors that affect inventory obsolescence.

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

The consolidated entity 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 consolidated entity 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 consolidated entity 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 consolidated entity recognises liability for anticipated tax audit issues based on the consolidated entity'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 consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**1 Summary of Significant Accounting Policies (continued)**

**(o) Critical accounting estimates and judgements (continued)**

***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 company'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.

**(p) 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.

**(q) 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.

**(r) 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

**(s) 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.

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

**1 Summary of Significant Accounting Policies (continued)**

**(t) 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.

**(u) Going concern**

The consolidated entity has prepared the financial report on a going concern basis. The consolidated entity recorded a post-tax loss of \$309,813 for the year ended 30 June 2012 and has net liabilities at 30 June 2012 of \$54,796 (2011: net assets of \$255,018).

The directors consider the preparation of the financial report on a going concern basis as a result of the consideration of the following:

- i) The consolidated entity has undergone significant change in the year ended 30 June 2012. The process of change has taken more time than expected to generate returns for shareholders. Since May 2012, the consolidated entity's actual results have improved markedly in the new financial year with a return to profitability.
- ii) The consolidated entity has prepared cash flow forecasts for the year ended 30 June 2013. Based on these forecasts, the directors consider the consolidated entity will be able to meet their debts as and when they fall due and payable.

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.

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

	2012 \$	2011 \$
<b>2 Revenue and Other Income</b>		
Services revenue	707,570	690,804
Interest income - loans	1,454,783	2,375,099
Interest income – bank	50,122	19,509
Bad debt recoveries	140,253	-
Other income	-	1,670
	<u>2,352,728</u>	<u>3,087,082</u>
<b>3 Loss from Ordinary Activities</b>		
Cost of sales	383,401	612,859
Finance costs	976,089	915,692
Bad and doubtful debts expense	352,642	710,781
Depreciation of property plant and equipment	7,739	4,925
Loss on disposal of property, plant and equipment	2,883	-
	<u>2,883</u>	<u>-</u>
<b>4 Income Tax Expense</b>		
<b>(a) The components of tax (benefit)/ expense comprise:</b>		
Current tax		-
Under provision in prior year	-	22,329
Originating and reversing temporary differences	(23,814)	(59,450)
	<u>(23,814)</u>	<u>(37,121)</u>
<b>(b) The prima facie (benefit)/ expense tax on profit from ordinary activities is reconciled to the income tax as follows:</b>		
	2012 \$	2011 \$
Income tax (benefit)/ expense calculated at 30% (2011: 30%)	(100,088)	(103,327)
	<u>(100,088)</u>	<u>(103,327)</u>
Add tax effect of:		
- other non-allowable items	76,274	43,863
	<u>76,274</u>	<u>43,863</u>
Less tax effect of:		
- (over)/under provision in prior year	-	22,329
Income tax expense attributable to profit from ordinary activities	<u>(23,814)</u>	<u>(37,121)</u>
The applicable weighted average effective tax rates are as follows:	7.1%	10.8%

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**4 Income Tax Expense (continued)**

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.

	2012 \$	2011 \$
<b>(c) Current tax asset</b>		
Income tax refundable	-	42,755
<b>(d) Deferred tax</b>		
Deferred tax assets comprise:		
Temporary differences	116,098	186,329
Tax losses- revenue	192,257	98,212
	<u>308,355</u>	<u>284,541</u>

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	214,591	(54,472)	-	-	-	160,119
Accruals	10,500	5,309	-	-	-	15,809
Employee benefits	-	10,401	-	-	-	10,401
Tax losses- revenue	-	98,212	-	-	-	98,212
<b>Balance at 30 June 2011</b>	<u>225,091</u>	<u>59,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,541</u>
Provision for doubtful debts	160,119	(68,952)	-	-	-	91,167
Accruals	15,809	(5,363)	-	-	-	10,446
Employee benefits	10,401	4,084	-	-	-	14,485
Tax losses- revenue	98,212	94,045	-	-	-	192,257
<b>Balance at 30 June 2012</b>	<u>284,541</u>	<u>23,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,355</u>

**5 Auditor's Remuneration**

	2012 \$	2011 \$
Remuneration of the auditor of the parent entity, for:		
- auditing the financial report (i)	27,320	26,500
- review of interim financial report (i)	5,100	4,950
	<u>32,420</u>	<u>30,450</u>

(i) This reflects the remuneration paid to 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 2012**

	2012 \$	2011 \$
<b>6 Dividends</b>		
Interim fully franked ordinary dividend of \$Nil (2011: \$Nil ) per share franked at the tax rate of 30%		-
Adjusted franking account balance	536,618	536,618
<b>7 Earnings per Share</b>		
(a) Earnings Used in Calculation of EPS (Loss)/ profit for the year	(309,813)	(307,302)
	2012 No.	2011 No.
(b) Weighted Average Number of Shares Used in Calculation of EPS		
Ordinary EPS	58,256,207	58,256,207
	2012 \$	2011 \$
<b>8 Trade and Other Receivables</b>		
CURRENT		
Trade receivables	2,587,417	3,995,725
Provision for impairment	(303,888)	(533,728)
	2,283,529	3,461,997
Prepayments	4,157	6,930
Other receivables	84,861	87,244
	2,372,547	3,556,171
NON-CURRENT		
Trade receivables	2,450,752	3,171,481

**(a) Trade receivables**

The Group has recognised an allowance for doubtful debts of 100% against all unscheduled arrears receivables over 90 days.

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 past due 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**  
**ACN: 099 912 044**

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

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
0-30 days	4,210,857	5,426,772
31-60 days	372,722	451,411
61-90 days	83,995	292,202
91+ days (not considered impaired)	66,707	463,093
91+ days (considered impaired)	303,888	533,728
	<u>5,038,169</u>	<u>7,167,206</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	533,728	715,303
Impairment losses recognised on receivables	353,642	710,781
Amounts written off during the year	(583,482)	(892,356)
Balance as the end of the year	<u>303,888</u>	<u>533,728</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	15,227	13,557
Less: accumulated depreciation	(12,423)	(11,360)
	<u>2,804</u>	<u>2,197</u>
 Furniture, fixtures and fittings - at cost	 34,667	 39,167
Less: accumulated depreciation	(10,737)	(5,679)
	<u>23,930</u>	<u>33,488</u>
 Software – at cost (i)	 20,000	 -
	<u>20,000</u>	<u>-</u>
	<u>46,734</u>	<u>35,685</u>

- (i) The group has a commitment to pay \$10,000 (ex GST) subsequent to year end for the final instalment of the software. This has not been accounted for at year end.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**9 Property, Plant and Equipment (continued)**

**(a) Movements in Carrying Amounts**

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Software \$	Total \$
<b>Balance at 1 July 2010</b>				
Balance at the beginning of the year	359	3,071	-	3,430
Additions	2,020	35,160	-	37,180
Depreciation expense	(182)	(4,743)	-	(4,925)
<b>Balance at 30 June 2011</b>	2,197	33,488	-	35,685
<b>Balance at 1 July 2011</b>				
Balance at the beginning of the year	2,197	33,488	-	35,685
Additions	1,670	-	20,000	21,670
Disposals	-	(2,882)	-	(2,882)
Depreciation expense	(1,063)	(6,676)	-	(7,739)
<b>Balance at 30 June 2012</b>	2,804	23,930	20,000	46,734

**10 Intangible Assets**

	2012 \$	2011 \$
Goodwill	81,379	81,379
Intellectual property	100,000	100,000
	181,379	181,379

**(a) Reconciliation of movements**

	Goodwill \$	Intellectual property \$	Total \$
<b>Year ended 30 June 2011</b>			
Balance at the beginning of the year	81,379	100,000	181,379
Closing value at 30 June 2011	81,379	100,000	181,379
<b>Year ended 30 June 2012</b>			
Balance at the beginning of the year	81,379	100,000	181,379
Closing value at 30 June 2012	81,379	100,000	181,379

**(b) Useful Lives**

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

**(c) Impairment testing**

The recoverable amount of the consolidate 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.

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**10 Intangible assets (continued)**

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% (2011: 0%)
- Expense Growth rate: 3% (2011: 3%)
- Discount rate: 15% (2011: 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 2012 (2011: nil) as a result of recoverable amount assessment. Sensitivity analysis of 2-5% movement in key details identified no potential impairment indicators.

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

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

	2012 \$	2011 \$
<b>11 Trade and Other Payables</b>		
Trade and other payables	68,327	90,045
	<u>68,327</u>	<u>90,045</u>
<b>12 Borrowings</b>		
CURRENT		
Secured liabilities:		
Adsett & Associates Ltd (b)	100	-
	<u>100</u>	<u>-</u>
NON-CURRENT		
Unsecured liabilities:		
Northview Group Ltd (c)	340,036	309,326
Charles Garrison (c)	608,164	553,240
Hern Investments Ltd (formerly Vintage Cellars Ltd) (c)	163,028	148,305
MP Ellis Holdings P/L atf The Ellis Hybrid (c)	462,498	420,729
RAE Group Ltd (c)	224,271	204,116
Adsett & Associates (c)	224,270	204,016
K & J Allen (c)	792,992	721,376
	<u>2,815,259</u>	<u>2,561,010</u>
Secured liabilities:		
Charles Garrison (a)	-	4,475,050
Superannuation Fund of Panama Inc. (a)	3,343,960	-
Adsett & Associates Ltd (b)	-	291,829
	<u>3,343,960</u>	<u>4,766,879</u>
	<u>6,159,219</u>	<u>7,327,889</u>

(a) The loan from Charles Garrison is secured by a fixed and floating charge over the company's assets registered with ASIC on 15 December 2003. This loan was discharged on 1 January 2012 and refinanced by the Superannuation Fund of Panama Inc. A new charge was registered for the Superannuation Fund of Panama Inc loan.

(b) The loan from Adsett & Associates Ltd is secured by a fixed and floating charge over the company's assets registered with ASIC on 27 June 2007.

(c) On 30 September 2010, the directors of AHP resolved to assign \$2.414m of loans payable to various parties by APF to AHP in return for AHP being issued \$2.414m ordinary shares in APF. On 22 November 2010, AHP shareholders resolved to issue \$2.414m redeemable preference shares in satisfaction of its loans payable to related and non-related parties. One preference share is equal to 20 ordinary shares. The interest rate to be paid quarterly on these redeemable preference shares is 10% and the convertible maturity date is 30 September 2013.

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

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

	2012 \$	2011 \$
<b>13 Employee Benefits</b>		
CURRENT		
Employee entitlements (a)	26,161	24,243
NON CURRENT		
Employee entitlements (a)	22,123	10,428
	2012 \$	2011 \$
<b>(a) Total employee entitlements</b>		
Carrying amount at the start of the year	34,671	-
Net additional provisions during the year	13,613	34,671
Carrying amount at the end of the year	48,284	34,671
<b>14 Issued Capital</b>		
58,256,207 fully paid ordinary shares (2011: 58,256,207)	182,700	182,700
	182,700	182,700
	2012 No.	2011 No.
<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 company 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 company can fund its operations and continue as a going concern. The company'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 company'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**  
**ACN: 099 912 044**

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

**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 company operates in one business segment that being to provide finance for the purchase of motor vehicles. The company 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>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	861,367	435,610
	<u>861,367</u>	<u>435,610</u>

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

Reconciliation of loss to net cash provided by operating activities:

Net income for the period	(309,813)	(307,302)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- Interest payable on redeemable preference shares	254,248	146,211
- Depreciation	7,739	4,925
- Bad/ doubtful debts	352,642	(181,575)
- Loss on disposal of plant & equipment	2,884	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- decrease/(increase) in loan receivables	1,551,711	3,952,932
- (increase)/decrease in deferred tax assets	(23,814)	(59,450)
- (decrease)/increase in trade payables and accruals	(21,718)	4,342
- decrease/(increase) in current tax balances	42,755	(107,101)
- increase/(decrease) in provisions	13,613	34,671
Cashflow from operations	<u>1,870,246</u>	<u>3,487,653</u>

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

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

There has not been any matter or circumstance that has 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 Company Details**

The registered office of the company 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:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Director and Director related entities</b>		
Prior to 1 December 2010, APF paid Texbon \$239,372 for administrative services provided between 1 July 2010 - 30 November 2010. No fees were paid in the 2012 financial year.	-	239,372
Pensioner Financial Services Pty Limited, a company controlled by Mr K Allen, provided premises for rent for the period 1 July 2011 – 30 June 2012	87,507	49,813
In the prior financial year, APF purchased plant and equipment from Texbon Pty Limited ("Texbon"), a company controlled by Mr Ken Allen, a director and his wife, for consideration of \$31,964 on 1 December 2010. This transaction was on normal terms and conditions. No plant and equipment was purchased in the current year	-	31,964
By mutual agreement, APF and Texbon rescinded the administrative services agreement on 1 December 2010. The employees of Texbon became employees of APF as at that date. APF assumed the employee entitlements of approximately \$22,000 for nil consideration.	-	22,000
Adsett & Associates Ltd, a company controlled by Wayne Adsett, a director, provided financial management services	60,000	60,000
Loan owing from Lemon Tree Passage Car Sales (a company associated with Mr K Allen)	-	45,744
Loans owing to Adsett & Associates Ltd (a company associated with Mr W Adsett)	100	291,829
Redeemable preference shares issued to Adsett & Associates Ltd (a company associated with Mr W Adsett)	223,305	204,017
Redeemable preference shares issued to Northview Group Ltd (a company associated with Mr W Adsett)	338,573	309,326
Redeemable preference shares issued to MP Ellis Holdings Ltd (a company associated with Mr M Ellis)	460,509	420,729
Management fee paid to Texbon for services rendered	10,400	-
Amount owed by Texbon at year end	30,885	-
Amount owed by Lemon Tree Car Sales at year end	40,044	-

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**20 Related Party Transactions**

<b>Director and Director related entities (continued)</b>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
Interest paid/accrued to Adsett & Associates Ltd (a company associated with Mr W Adsett) on redeemable preference shares / loans	30,937	18,376
Interest paid/accrued to Northview Group Ltd (a company associated with Mr W Adsett) on redeemable preference shares / loans	46,906	17,660
Interest paid/accrued to MP Ellis Holdings (a company associated with Mr M Ellis) on redeemable preference shares / loans	63,800	24,020

**21 Interests of Key Management Personnel**

Names and positions held of key management personnel in office at any time during the financial year are:

Wayne Adsett - Director	Kenneth Allen - Director
Mark Ellis - Director	Carolyn Turner - General Manager
Jason Allen – Business Development Manager	

The remuneration of key management personnel is included in the Directors Report.

**(a) 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:

	<b>Balance at beginning of year</b>	<b>Shares acquired/ (disposed)</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
<b>30 June 2012</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
	<b>31,383,413</b>	<b>-</b>	<b>-</b>	<b>31,383,413</b>
	<b>Balance at beginning of year</b>	<b>Shares acquired/ (disposed)</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
<b>30 June 2011</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
	<b>31,383,413</b>	<b>-</b>	<b>-</b>	<b>31,383,413</b>

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

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

**22 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 company 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 2012**

**22 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:

	<b>Weighted Average Effective Interest Rate</b>		<b>Fixed Interest Rate</b>		<b>Floating Interest Rate</b>		<b>Non-interest Bearing</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>										
Cash and cash equivalents	3.93	1.00	-	-	861,367	435,610	-	-	861,367	435,610
Trade and other receivables	31.00	29.00	5,038,169	7,167,206	-	-	84,861	87,244	5,123,030	7,254,450
<b>Total Financial Assets</b>			5,038,169	7,167,206		435,610	84,861	87,244	5,984,397	7,690,060
<b>Financial Liabilities:</b>										
Trade and other payables		-	-	-	-	-	68,327	90,045	68,327	90,045
Borrowings	14.03	13.24	6,159,319	7,327,889	-	-	-	-	6,159,319	7,327,889
<b>Total Financial Liabilities</b>			6,159,319	7,327,889	-	-	68,327	90,045	6,227,646	7,417,934

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**22 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 2012 would decrease/increase by \$4,307 (2011: decrease/increase by \$2,178). 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.

**23 Parent entity information**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Current assets	9,932	11,752
Non-current assets	2,817,502	2,708,821
Total assets	<u>2,827,434</u>	<u>2,720,573</u>
Current liabilities	354,488	240,134
Non-current liabilities	2,815,258	2,561,010
Total Liabilities	<u>3,169,746</u>	<u>2,801,144</u>
Capital	1,119,611	1,119,611
Retained earnings	(1,461,922)	(1,200,183)
Net profit/ (loss) for the period	<u>(261,740)</u>	<u>(233,306)</u>
Total comprehensive income	<u>(261,740)</u>	<u>(233,306)</u>

**Australian Premier Finance Holdings Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2012**

**23 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.

**24 Subsidiaries**

Details of the subsidiaries of the 'accounting' parent, APF, at 30 June 2012 are as follows:

Name of subsidiary	Principal Activity	Place of incorporation & operation	Proportion of ownership interest & voting power	
			2012	2011
Australian Premier Finance Holdings	Dormant	Australia	0% *	0% *

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

**25 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:

	2012 \$	2011 \$
Within one year	87,154	84,615
One to five years	36,760	123,914
More than five years	-	-
	<u>123,914</u>	<u>208,529</u>

The above lease commitments relates to the rental of premises at 3 Industrial Crescent at Tanilba Bay, New South Wales.

**26 Reserves**

Acquisition reserve

**Movement in reserves**

Opening balance

Movement in current year

**Closing balance**

	2012 \$	2011 \$
Acquisition reserve	179,322	179,322
Movement in reserves		
Opening balance	179,322	179,322
Movement in current year	-	-
Closing balance	<u>179,322</u>	<u>179,322</u>

**Australian Premier Finance Holdings Limited**

**ACN: 099 912 044**

**Directors' Declaration**

The directors of the company 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 2012 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 company will be able to pay its debts as and when they become due and payable.

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



Director .....  
Wayne Adsett

Dated: 18 September 2012

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 Economic Entity), which comprises the statement of financial position as at 30 June 2012, and the statement of 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 Economic Entity 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 18 September 2012.

## **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:

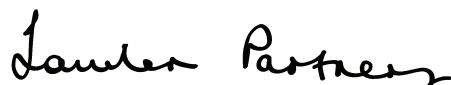
- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Remuneration Report**

We have audited the Remuneration Report included in pages 4 to 6 of the report of directors for the year ended 30 June 2012. 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 2012, complies with s300A of the *Corporations Act 2001*.



**LAWLER PARTNERS**  
Chartered Accountants

Newcastle



**CLAYTON HICKÉY**  
Partner

Dated: 18 September 2012

# Australian Premier Finance Holdings Limited

## Additional Information for Listed Public Companies 30 June 2012

### Top 20 Ordinary Shareholders as at 30 June 2012.

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
Total	56,593,739	97.15

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
Total	294	58,256,207	100.00