

# **Australia and International Holdings Limited**

**ABN 98 009 706 414**

**Financial Statements - 30 June 2014**

**Australia and International Holdings Limited**  
**Corporate Directory**  
**30 June 2014**

Directors	Bernard C E Rowley Christopher T Burrell Roger J Burrell Frank J Finn
Company secretary	Ian F Davey
Notice of annual general meeting	The annual general meeting of Australia and International Holdings Limited will be held at the offices of Burrell Stockbroking & Superannuation:  Level 4, 24 Little Edward Street Spring Hill QLD 4000, Wednesday 19 November 2014, 12:00PM
Registered office	Level 4, 24 Little Edward Street Spring Hill QLD 4000 Phone: 61 7 3006 7200 Fax: 61 7 3839 6964
Principal place of business	Level 4, 24 Little Edward Street Spring Hill QLD 4000
Share register	Newcastle Capital Markets Registries Pty Limited 10 Murray Street Hamilton NSW 2303 Telephone: 61 2 4920 2877 Facsimile: 61 2 4920 2878
Auditor	PKF Hacketts Audit Level 3, 549 Queen Street Brisbane QLD 4000
Bankers	DDH Graham Limited 18th Floor, 344 Queen Street Brisbane QLD 4000
Stock exchange listing	Australia & International Holdings Limited shares are listed on the National Securities Exchange (NSX code: AID)
Website	<a href="http://www.burrell.com.au">http://www.burrell.com.au</a>

**Australia & International Holdings Limited**  
**Director's Report**  
**30 June 2014**

The directors present their report, together with the financial statements of Australia and International Holdings Limited for the financial ended 30 June 2014

**Directors**

The following persons were directors of Australia and International Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Bernard C E Rowley  
 Christopher T Burrell  
 Roger J Burrell  
 Frank J Finn

**Company Secretary**

Ian F Davey

**Principal Activities**

The Company's principal activity during the financial year consisted of long-term investing in publicly listed Australian and overseas companies and managed funds.

**Dividends**

Dividends paid or provided for during the financial year were as follows:

**Final dividend**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Final dividend paid	<u>75,105</u>	<u>66,692</u>
Year ended	30/06/2013	30/06/2012
Cents per share	5.5 ¢	5 ¢
Franking %	100%	100%
Date paid	22/10/2013	22/10/2012

**Interim dividend**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Interim dividend paid	<u>82,186</u>	<u>66,871</u>
Half-year ended	31/12/2013	31/12/2012
Cents per share	6 ¢	5 ¢
Franking %	100%	100%
Date paid	4/04/2014	30/04/2013

**Review of operations**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
Net profit for the Company for the financial year after providing for income tax	<u>100,819</u>	<u>81,053</u>

**Overview**

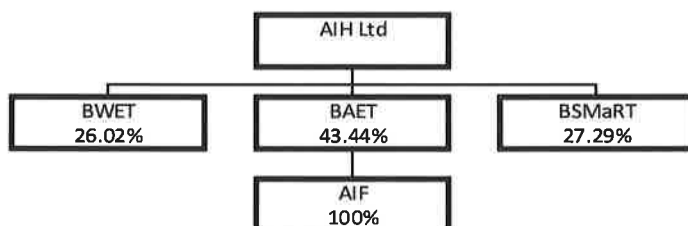
The Company provides investors with a medium to long-term investment vehicle with exposure to Australian and overseas listed equity investments and managed funds. The primary objective is to provide returns from dividends and capital growth.

### Structure

The Company is structured in order to provide investors with the opportunity to invest in a vehicle that holds positions in a strategically balanced and well-diversified set of investment portfolios. The majority of shareholder funds are invested over the medium to long term period in both Australian and international companies and managed funds. This is facilitated through the Company's investments in the Burrell Australian Equities Trust ("BAET"), the Burrell World Equities Trust ("BWET") and the Burrell Smallcaps Midcaps and Resources Trust ("BSMaRT").

BAET, BWET and BSMaRT are all managed investment schemes. BAET invests in listed Australian equities and managed funds. BWET invests in listed international equities and managed funds, and may use foreign exchange hedging instruments to hedge its exposure to fluctuations in foreign currencies. BSMaRT holds short term trading and sector overweight positions in the Australian equities market.

As at 30 June 2014 approximately 86% of AIH's investment portfolio comprised of investments in BAET, BWET and BSMaRT in the percentages of 57%, 22% and 7% respectively. This was achieved through the following ownership structure, whereby AIH owned 43.44% of the units on issue in BAET, 26.02% of the units on issue in BWET and 27.29% of the units on issue in BSMaRT.



### Performance Outcomes

#### Net Return

The net return to shareholders for the financial year ended 30 June 2014 was 12.41%. This 'net return' is not directly comparable to publicly reported share price or accumulation indices because it is after costs have been deducted for managing and administering the portfolios and the Company. It is also after an allowance for tax at the rate of 30% has been deducted from operating profits and on the increases in value of the investment portfolios. Further, the return shareholders in AIH received from dividends are fully franked. As such we look at the 'gross returns' from the individual investment portfolios.

#### Gross Returns

For comparative purposes the international portfolio is benchmarked against the "MSCI" World (excluding Australia) Accumulation Index in local currency; and, the Australian long-term portfolio against the ASX All Ordinaries Accumulation Index. The trading portfolio is more difficult to benchmark because it includes a mix of mid-cap shares and some overweight positions in blue-chip shares. However, we feel that the return from this portfolio is related to the performance of the Australian long-term portfolio.

The performances of the individual portfolios the Company invested in for the financial year ended 30 June 2014 and the comparative period are as follows:

	30-Jun-14	30-Jun-13
	%	%
Burrell Australian Equities Trust (excl. AIF)	22.2	19.6
Burrell Australian Equities Trust (incl. AIF)	21.7	19.8
Burrell World Equities Trust	20.4	16.4
Burrell Small-cap, Mid-cap and Resources	18.1	-2.6
Australian All Ordinaries Accumulation Index	17.4	20.7
Australian Small Ordinaries Accumulation	13.1	-5.3
MSCI World Index ex Australia (in Australian	20.0	26.9

**Australia & International Holdings Limited**  
**Director's Report (continued)**  
**30 June 2014**

The Company looks through to the investment portfolios of BAET, BWET and BSMaRT to see its investments by industry sector:

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>%</b>	<b>%</b>
Energy	9.5	6.5
Materials	13.7	13.4
Industrials	3.4	3.7
Consumer discretionary	5.1	4.7
Consumer staples	1.0	0.5
Financials	34.7	35.0
Real estate investment trusts	7.2	6.0
Managed funds and LICs	10.5	12.8
Exchange traded funds	1.9	6.3
Others – Health care, Information	13.0	11.1

The Company's investments on a look-through basis by geographic area are:

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>%</b>	<b>%</b>
Australia & New Zealand	78.9	83.2
Americas	5.6	6.6
United Kingdom	3.2	1.6
Europe excl. United Kingdom	4.7	2.6
Asia Pacific excl. Australia	2.2	2.0
Global	5.4	4.0

Securities representing 5% or more of the combined investments and trading portfolio as at 30 June 2014 are:

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>% of portfolio</b>	<b>% of portfolio</b>
Commonwealth Bank of Australia	10.0	11.2
Westpac Banking Corporation	5.2	5.1
Sophisticated Investors Club		7.9
BHP Billiton		6.1

**Net Asset Value per Share**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
Net asset value per share for the Company	\$3.10	\$2.86

**Earnings per Share**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
Earnings per share based on the net operating result (cents)	7.36 ¢	6.05 ¢

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the entity during the financial year.

**Matters subsequent to the end of the financial year**

No matter of circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Australia & International Holdings Limited**  
**Director's Report (continued)**  
**30 June 2014**

**Information on directors**

**Name:** **Bernard C E Rowley**

**Title:** Chairman

**Qualifications:** Fellow of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors.

**Experience and expertise:** Bernard has been a Director since 1998 and Chairman since 2002. He was previously the Chief Executive Officer of Suncorp Insurance & Finance for the years 1986 to 1996.

**Other current directorships:** Director of Australian Shale Oil Resources Company.

**Former directorships (in the last 3 years):** Chairman of Cuna Mutual Life, Chairman of Cuna Mutual Group, and Director of River City Motorway Group.

**Interests in shares:** 32,421 Fully Paid Ordinary Shares, Non-beneficially held.

**Interests in options:** None.

**Name:** **Christopher T Burrell**

**Title:** Director

**Qualifications:** M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.

**Experience and expertise:** Chris has been a Director since 1983. He was the Company's Chairman from 1983 to 2002. He has held the position of Managing Director of Burrell Stockbroking Pty Ltd since 1997. He was a Partner at Coopers and Lybrand, Chartered Accountants, for 15 years; a previous Director of Queensland electricity retailer, Ergon; a former member of the Industrial Research & Development Committee within the Commonwealth Department of Industry, Science and Resources; and a former State Councillor for the Securities Institute of Australia.

**Other current directorships:** Director of Burrell Stockbroking Pty Ltd

**Former directorships (in the last 3 years):** None.

**Interests in shares:** 337,847 beneficially and 37,941 non-beneficially held Fully Paid Ordinary Shares.

**Interests in options:** None.

**Name:** **Roger J Burrell**

**Title:** Director

**Qualifications:** B. Com, L.L.B., F Fin, F.A.I.C.D., Diploma of Financial Services.

**Experience and expertise:** Roger has been a Director since 1987. He is also the Chief Executive Officer of Access Funds Management Ltd, Principal of AFM Property Services, Director of Multiple Sclerosis Society of Australia (MS Australia), deputy Chair and committee Member of Multiple Sclerosis Society of Queensland (MSQ), and Legal Consultant to QM Properties Group, Property Solutions Group and Classic Holidays Group. Roger is also a former Partner at national law firm Clayton Utz, (1987 – 2000) and former Partner (2000 – 2006) and Consultant (2006 – 2011) at Phillips Fox (subsequently DLA Piper/ DLA Phillips Fox).

**Australia & International Holdings Limited****Director's Report (continued)****30 June 2014**

**Other current directorships:** Access funds Management Ltd., Multiple Sclerosis of Australia.

**Former directorships (in the last 3 years):** None.

**Interests in shares:** 59,349 beneficially held Fully Paid Ordinary Shares.

**Interests in options:** None.

**Name:** Frank J Finn

**Title:** Director

**Qualifications:** B. Com (Hons), M.B.A. PhD, F.C.P.A., F Fin.

**Experience and expertise:** Frank has been a Director since 1996. He was Professor of Finance, Director of Studies at the Faculty of Business, Economics & Law of University of Queensland.

**Other current directorships:** None.

**Former directorships (in the last 3 years):** None.

**Interests in shares:** 35,681 beneficially held Fully Paid Ordinary Shares.

**Interests in options:** None.

**Company Secretary** Ian Davey has been a Company Secretary of the Company since 2000 and is also a Director of Burrell Stockbroking Pty Ltd. Prior to joining the Company, he was the Financial Controller of James Engineering Pty Ltd (1985 – 2000).

**Meetings of directors**

The number of meetings of the company's Board of Directors held during the year ended 30 June 2014, and the number of meetings attended by each director was:

	<b>Full Board</b>	
	<b>Held</b>	<b>Attended</b>
Bernard C Rowley	4	3
Christopher T Burrell	4	4
Roger J Burrell	4	4
Frank J Finn	4	3

**Retirement, election and continuation in office of directors**

Messrs R J Burrell and B C E Rowley are the Directors retiring by rotation, who, being eligible, offer themselves for re-election.

**Australia & International Holdings Limited****Director's Report (continued)****30 June 2014****Remuneration report (audited)**

No remuneration was paid to the Directors during the year ended 30 June 2014. No other management or staff is employed by the Company.

*Director's shareholdings*

The number of shares in the Company held during the financial year by each director of the entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Mr C T Burrell	335,747	2,100	-	337,847
Mr C T Burrell (non-beneficial owner)	72,187	-	(34,246)	37,941
Mr R J Burrell	59,349	-	-	59,349
Prof F J Finn	35,681	-	-	35,681
Mr B C E Rowley (non-beneficial owner)	32,421	-	-	32,421
	<u>535,385</u>	<u>2,100</u>	<u>(34,246)</u>	<u>503,239</u>

Transactions relating to dividends, rights issues and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

*Other transactions with Directors and Director-related entities*

Mr C T Burrell and Mr B C E Rowley are Directors of Burrell Stockbroking Pty Ltd. This company provides stockbroking and secretarial, portfolio administration and management services to the Company. There was no brokerage paid by the Company to Burrell Stockbroking Pty Ltd during the year, and the amount of \$16,269 was paid in respect of the other services. Mr C T Burrell, Mr B C E Rowley and Mr R J Burrell are Directors of Burrell & Co Holdings Pty Ltd. This company provides clearing and settlement services to the Company. There were no fees or charges paid by the Company to Burrell & Co Holdings Pty Ltd during the year.

Other details relating to Directors are set out at Notes 25 and 26 – Related Parties, in the Notes to and forming part of the Financial Statements for the year ended 30 June 2014.

Except as otherwise disclosed, no Director of the Company has received, or has become entitled to receive, a benefit because of a contract that the directors, or a firm of which the director is a member, or an entity in which the Director has a substantial financial interest, has made (during the year ended 30 June 2014 or at any other time) with the Company; or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit.

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

*Options*

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

This concludes the remuneration report, which has been audited.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is lack of good faith.



**Australia & International Holdings Limited**

**Director's Report (continued)**

**30 June 2014**

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related party.

**Proceedings of behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former audit partners of PKF Hacketts Audit**

There are no officers of the company who are former audit partners of PKF Hacketts Audit.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

**Auditor**

PKF Hacketts Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**Bernard C Rowley**  
Chairman



**Christopher T Burrell**  
Director

11 September 2014  
Brisbane

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

*PKF Hacketts Audit.*

**PKF Hacketts Audit**



**Cameron Bradley**

Partner

Brisbane, 11<sup>th</sup> September 2014

**Australia and International Holdings Limited**  
**Financial report**  
**30 June 2014**

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**General information**

The financial report covers Australia and International Holdings Limited as an individual entity. The financial report is presented in Australian dollars, which is Australia and International Holdings Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australia and International Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 24 Little Edward Street  
Brisbane QLD 4000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 11 September 2014. The directors have the power to amend and reissue the financial report.

**Australia and International Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the financial year ended 30 Jun 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2013 \$</b>
<b>Revenue</b>	4	140,115	108,153
Other income	5	18,284	-
<b>Expenses</b>			
Accounting and audit fees		(12,672)	(14,803)
Legal expenses		(1,349)	(1,086)
Listing fees		(10,233)	(12,651)
Managed portfolio service fees		(3,597)	(2,969)
Secretarial expenses		(10,120)	(1,204)
Stock exchange fees		(9,597)	(9,811)
Other expenses		(633)	(773)
<b>Profit before income tax (expense)/benefit</b>		<u>110,198</u>	<u>64,856</u>
<b>Income tax (expense)/benefit</b>	6	<u>(9,379)</u>	<u>16,197</u>
<b>Profit after income tax (expense)/benefit for the financial year attributable to the owners of Australia and International Holdings Limited</b>	16	100,819	81,053
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on the revaluation of available-for-sale financial assets, net of tax		<u>395,466</u>	<u>368,422</u>
Other comprehensive income for the financial year, net of tax		<u>395,466</u>	<u>368,422</u>
<b>Total comprehensive income for the financial year attributable to the owners of Australia and International Holdings Limited</b>		<u><u>496,285</u></u>	<u><u>449,475</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	22	7.36 ¢	6.05 ¢
Diluted earnings per share	22	7.36 ¢	6.05 ¢

**Australia and International Holdings Limited**  
**Statement of financial position**  
**As at 30 June 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,414	110,585
Trade and other receivables	8	47,282	48,970
Total current assets		<u>48,696</u>	<u>159,555</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	9	4,590,269	3,920,242
Deferred tax	10	23,296	32,675
Total non-current assets		<u>4,613,565</u>	<u>3,952,917</u>
<b>Total assets</b>		<u>4,662,261</u>	<u>4,112,472</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	25,583	3,026
Income tax	12	-	-
Total current liabilities		<u>25,583</u>	<u>3,026</u>
<b>Non-current liabilities</b>			
Deferred tax	13	374,295	206,225
Total non-current liabilities		<u>374,295</u>	<u>206,225</u>
<b>Total liabilities</b>		<u>399,878</u>	<u>209,251</u>
<b>Net assets</b>		<u>4,262,383</u>	<u>3,903,221</u>
<b>Equity</b>			
Issued capital	14	3,212,980	3,192,811
Reserves	15	544,271	148,805
Retained profits	16	505,132	561,605
<b>Total equity</b>		<u>4,262,383</u>	<u>3,903,221</u>

**Australia and International Holdings Limited**  
**Statement of changes in equity**  
**For the financial year ended 30 June 2014**

	<b>Note</b>	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2012		3,098,882	(219,617)	614,115	3,493,380
Profit after income tax (expense)/benefit for the financial year		-	-	81,053	81,053
Other comprehensive income for the financial year, net of tax		-	368,422	-	368,422
Total comprehensive income for the financial year		-	368,422	81,053	449,475
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	14	93,929	-	-	93,929
Dividends paid	17	-	-	(133,563)	(133,563)
Balance at 30 June 2013		<u>3,192,811</u>	<u>148,805</u>	<u>561,605</u>	<u>3,903,221</u>

	<b>Note</b>	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013		3,192,811	148,805	561,605	3,903,221
Profit after income tax (expense)/benefit for the financial year		-	-	100,819	100,819
Other comprehensive income for the financial year, net of tax		-	395,466	-	395,466
Total comprehensive income for the financial year		-	395,466	100,819	496,285
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	14	20,169	-	-	20,169
Dividends paid	17	-	-	(157,292)	(157,292)
Balance at 30 June 2014		<u>3,212,980</u>	<u>544,271</u>	<u>505,132</u>	<u>4,262,383</u>

**Australia and International Holdings Limited**  
**Statement of cash flows**  
**For the financial year ended 30 June 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(25,596)	(44,404)
Dividends received		20,727	19,476
Interest received		1,179	4,786
Trust distributions received from related parties		103,350	98,230
Other revenue		16,546	-
Income taxes (paid)/refunded		-	28,014
		<u>-</u>	<u>28,014</u>
Net cash from/(used in) operating activities	21	<u>116,206</u>	<u>106,102</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(257,246)	(199,331)
Proceeds from sale of investments		169,040	-
		<u>169,040</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>(88,206)</u>	<u>(199,331)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares	14	20,169	93,929
Dividends paid	17	(157,341)	(133,563)
		<u>(137,172)</u>	<u>(39,634)</u>
Net cash used in financing activities		<u>(137,172)</u>	<u>(39,634)</u>
Net increase/(decrease) in cash and cash equivalents		(109,171)	(132,863)
Cash and cash equivalents at the beginning of the financial year		<u>110,585</u>	<u>243,448</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>1,414</u></u>	<u><u>110,585</u></u>

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**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.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from passive dividends, trust income and interest is recognised as it is received.

Revenue from the sale of investments is recognised from the date of contract, and is the difference between the sale price, less selling costs, and the purchase price, or if revalued, the revalued amount.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.



**Note 1. Significant accounting policies (continued)**

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

**Note 1. Significant accounting policies (continued)**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

**Investments in Associates**

**AASB 128 – Investments in Associates**

This accounting standard is applied in accounting for investments in entities where the investor has significant influence, which is presumed if the investor holds 20% or more of the voting power of the investee, unless it can be shown otherwise. Investments in associates are normally accounted for in the financial statements by applying the equity method of accounting whereby the investment is recognised at cost and adjusted for thereafter for the post acquisition change in the Company's share of the net assets of the associate entity. This accounting standard does not contemplate 'available for sale' financial assets.

**AASB 139 – Financial Instruments: Recognition and Measurement**

This accounting standard is applied in accounting for investments in financial instruments and stipulates that where a financial asset is classified as 'available for sale' it should be initially recorded at cost and any changes in fair value recorded in the available for sale reserve in equity.

At the end of the financial year the Company held investments in the Burrell Australian Equities Trust, the Burrell World Equities Trust and the Burrell Smallcaps Midcaps and Resources Trust representing 43.44%, 26.02% and 27.29% respectively of the units on issue of each trust. This would normally mean that the investments by the Company in these entities be accounted for by adopting the AASB 128 Investments in Associates Accounting Standard. However, the Company has adopted the accounting treatment under AASB 139 and recorded the investments as 'available for sale'. This has been done because all three of the trusts are investment vehicles which invest in the shares of listed companies and managed funds and these assets held by the trusts are accounted for as 'available for sale' assets. Therefore, the Company has 'looked through' to the nature of its underlying assets and applied the same accounting treatment to maintain consistency and avoid confusion to the readers of these financial statements. It should be noted that the affect on the net assets of the Company under either accounting policy is the same.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 1. Significant accounting policies (continued)**

**Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australia & International 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.

**Goods and Services Tax ('GST') and other similar taxes**

GST incurred is not recoverable from the tax authority and is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. The following standards and revisions applicable to the current financial year were the most significant:

*AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements"* - This standard removes the individual key management personnel disclosure requirements in AASB 124 "Related Party Disclosures". As there was no remuneration paid to the directors and no management or staff is employed by the company, there was no assessed impact upon implementation of the revised standard.

*AASB 10 "Consolidated Financial Statements" and AASB 2011-7 "Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standard"* - AASB 10 replaces the parts of AASB 127 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and Interpretation 112 "Consolidation - Special Purpose Entities". AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. There was no assessed impact upon implementation of the revised standard.

**Note 1. Significant accounting policies (continued)**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below which are relevant to the Company, were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 "Financial Instruments", and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 "Materiality" (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets"	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015

The potential effect of the revised Standards/Interpretations on the Company's financial statements has not yet been determined.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

### Note 3. Operating segments

As previously noted, the Company is predominantly invested in the Burrell Australian Equities Trust, the Burrell World Equities Trust and the Burrell Smallcaps Midcaps and Resources Trust who in turn invest the majority of their funds for the medium to long-term in companies listed on the Australian and international stock exchanges and selected managed funds. The Company's allocation of investments and the performance of these investments are in line with the investment portfolios of the three trusts and it follows that an appropriate categorisation of segments for reporting purposes is into Australian long-term shares, Australian small-mid cap shares, and overseas long-term shares. The Australian large-cap portfolio is made up of blue chip and quality shares in the ASX All Ordinaries Index, the Australian small-mid cap portfolio comprises Australian smallcap, midcap and resources stocks, and the overseas portfolio consists of shareholdings in stocks traded on stock exchanges with similar corporate governance regimes as Australia. This portfolio is primarily made up of shares in companies operating in the USA, UK, Europe and Asia. No segment information for the Australian small-mid cap portfolio is included for the financial year ended 30 June 2013 because the Company did not have a direct interest in the Burrell Smallcaps Midcaps and Resources Trust during that period.

#### Operating segment information

	Note	Australian Large-cap Long-Term Shares \$	Australian Small-Mid- cap Shares \$	Overseas Long-Term Shares \$	Intersegment eliminations/ unallocated \$	Total \$
<b>30 June 2014</b>						
<b>Revenue</b>						
Dividend income		20,727	-	-	-	20,727
Interest revenue		1,179	-	-	-	1,179
Trust distributions from related parties		85,143	3,624	2,122	-	90,889
Other trust income		-	-	-	-	-
Other income		27,320	-	-	-	27,320
<b>Total revenue</b>		<u>134,369</u>	<u>3,624</u>	<u>2,122</u>	<u>-</u>	<u>140,115</u>
<b>Segment result</b>		<u>134,369</u>	<u>3,624</u>	<u>2,122</u>	<u>(48,201)</u>	<u>91,914</u>
Net gain/(loss) on disposal of available-for-sale financial assets		18,284	-	-	-	18,284
<b>Profit/(loss) before income tax benefit</b>		<u>152,653</u>	<u>3,624</u>	<u>2,122</u>	<u>(48,201)</u>	<u>110,198</u>
Income tax benefit						(9,379)
<b>Profit after income tax benefit</b>						<u>100,819</u>
<b>Assets</b>						
Segment assets		3,270,282	357,720	1,009,549	24,710	4,662,261
Intersegment eliminations						
Unallocated assets:						
<b>Total assets</b>						<u>4,662,261</u>
<b>Liabilities</b>						
Segment liabilities		341,369	(5,059)	37,986	25,583	399,878
<b>Total liabilities</b>						<u>399,878</u>

**Note 3. Operating segments (continued)**

	Note	Australian Large-cap Long-Term Shares \$	Australian Small-Mid- cap Shares \$	Overseas Long-Term Shares \$	Intersegment eliminations/ unallocated \$	Total \$
<b>30 June 2013</b>						
<b>Revenue</b>						
Dividend income		19,476	-	-	-	19,476
Interest revenue		4,787	-	-	-	4,787
Trust distributions from related parties		85,517	-	4,387	-	89,904
Other trust income		(3,507)	-	-	-	(3,507)
Other income		(2,507)	-	-	-	(2,507)
<b>Total revenue</b>		<u>103,766</u>	<u>-</u>	<u>4,387</u>	<u>-</u>	<u>108,153</u>
<b>Segment result</b>		<u>103,766</u>	<u>-</u>	<u>4,387</u>	<u>(43,297)</u>	<u>64,856</u>
Net gain/(loss) on disposal of available-for-sale financial assets		-	-	-	-	-
<b>Profit/(loss) before income tax benefit</b>		<u>103,766</u>	<u>-</u>	<u>4,387</u>	<u>(43,297)</u>	<u>64,856</u>
Income tax benefit						16,197
<b>Profit after income tax benefit</b>						<u>81,053</u>
<b>Assets</b>						
Segment assets		<u>3,105,405</u>	<u>-</u>	<u>863,808</u>	<u>143,259</u>	<u>4,112,472</u>
<b>Total assets</b>						<u>4,112,472</u>
<b>Liabilities</b>						
Segment liabilities		<u>211,325</u>	<u>-</u>	<u>(5,100)</u>	<u>3,026</u>	<u>209,251</u>
<b>Total liabilities</b>						<u>209,251</u>

**Note 4. Revenue**

	2014 \$	2013 \$
<i>Sales revenue</i>		
Dividends	20,727	19,476
Interest	1,179	4,787
Trust distributions from related parties	90,889	86,397
Other revenue	<u>27,320</u>	<u>(2,507)</u>
<b>Revenue</b>	<u>140,115</u>	<u>108,153</u>

**Note 5. Other income**

	2014 \$	2013 \$
Net gain on disposal of available-for-sale financial assets	<u>18,284</u>	<u>-</u>

**Note 6. Income tax expense**

	Note	2014 \$	2013 \$
<i>Income tax expense</i>			
Current tax		-	-
Deferred tax - origination and reversal of temporary differences		9,379	(14,379)
Adjustment recognised for prior periods		-	(1,818)
Aggregate income tax expense/(benefit)		<u>9,379</u>	<u>(16,197)</u>
Deferred tax included in income tax expense/(benefit) comprises:			
Decrease/(increase) in deferred tax assets	10	<u>9,379</u>	<u>(14,379)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>			
Profit before income tax (expense)/benefit		<u>110,198</u>	<u>64,856</u>
Tax at the statutory tax rate of 30%		33,059	19,457
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment expenses		135	141
Tax offsets		(35,159)	(31,933)
Capital gains		5,978	-
Restructuring legal costs (ITA: s40-880)		(1,415)	(1,711)
Accrued expenses		<u>6,782</u>	<u>(333)</u>
		9,379	(14,379)
Adjustment recognised for prior periods		-	(1,818)
Income tax expense/(benefit)		<u>9,379</u>	<u>(16,197)</u>
<i>Amounts charged/(credited) directly to equity</i>			
Deferred tax liabilities	13	<u>168,070</u>	<u>142,287</u>

**Note 7. Current assets - cash and cash equivalents**

	2014 \$	2013 \$
Cash and cash equivalents	<u>1,414</u>	<u>110,585</u>

**Note 8. Current assets - trade and other receivables**

	2014 \$	2013 \$
Distributions receivable	<u>47,282</u>	<u>48,970</u>
	<u>47,282</u>	<u>48,970</u>

**Note 9. Non-current assets - available-for-sale financial assets**

	2014 \$	2013 \$
Quoted investments at fair value	4,590,269	3,920,242
	<u>4,590,269</u>	<u>3,920,242</u>

*Reconciliation*

Reconciliation to the fair values at the beginning and end of the current and previous period are set out below:

Opening fair value	3,920,242	3,210,203
Additions	257,247	199,331
Disposals	(150,756)	-
Revaluation increments/(decrements)	563,536	510,708
	<u>4,590,269</u>	<u>3,920,242</u>

Closing fair value

Refer to Note 18 for further information on financial instruments.

**Note 10. Non-current assets - deferred tax**

	Note	2014 \$	2013 \$
<i>Deferred tax asset comprises temporary differences attributable to:</i>			
Amounts recognised in profit or loss:			
Timing differences on revenue recognition		23,296	32,675
Deferred tax asset		<u>23,296</u>	<u>32,675</u>
<i>Movements</i>			
Opening balance		32,675	6,482
Credited/(charged) to profit or loss	6	(9,379)	14,379
Prior year adjustment		-	11,814
Closing balance		<u>23,296</u>	<u>32,675</u>

**Note 11. Current liabilities - trade and other payables**

	2014 \$	2013 \$
Trade payables	25,583	2,976
Other payables	-	50
	<u>25,583</u>	<u>3,026</u>

**Note 12. Current liabilities - income tax**

	2014 \$	2013 \$
Provision for income tax	<u>-</u>	<u>-</u>



**Note 13. Non-current liabilities - deferred tax**

	2014 \$	2013 \$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in equity:		
Revaluation of available-for-sale financial assets	374,295	206,225
Deferred tax liability	<u>374,295</u>	<u>206,225</u>
<i>Movements</i>		
Opening balance	206,225	63,938
Credited/(charged) to equity	168,070	142,287
Prior year adjustment	-	-
Closing balance	<u>374,295</u>	<u>206,225</u>

**Note 14. Equity - issued capital**

	2014 Shares	2013 Shares	2014 \$	2013 \$
Ordinary shares - fully paid	<u>1,373,417</u>	<u>1,366,647</u>	<u>3,212,980</u>	<u>3,192,811</u>

*Movements in ordinary share capital*

	Date	No. of shares	Issue price	\$
Balance	30 Jun 2012	1,334,043		3,098,882
Dividend reinvestment plan	22 Oct 2012	3,574	\$2.70	9,735
Dividend reinvestment plan	30 Apr 2013	3,378	\$2.96	9,914
Rights issue	7 Jun 2013	25,652	\$2.96	75,930
Rights issue cost	7 Jun 2013	-		(1,650)
Balance	30 Jun 2013	1,366,647		3,192,811
Dividend reinvestment plan	22 Oct 2014	3,321	\$3.08	10,320
DRP cost	22 Oct 2014			(825)
Dividend reinvestment plan	4 Apr 2014	3,449	\$3.12	10,674
Balance	30 Jun 2014	<u>1,373,417</u>		<u>3,212,980</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*

The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

**Note 15. Equity - Reserves**

	2014 \$	2013 \$
Available-for-sale reserve	544,271	148,805

*Movements in reserves*

	Note	Revaluation surplus \$	Available-for- sale \$	Foreign currency \$	Hedging \$	Total \$
Balance at 30 Jun 2013		-	(219,617)			(219,617)
Revaluation - gross			510,708			510,708
Deferred tax	6		(142,286)			(142,286)
Balance at 30 Jun 2013		-	148,805	-	-	148,805
Revaluation - gross			563,536			563,536
Deferred tax	6		(168,071)			(168,071)
Balance at 30 Jun 2014		-	544,271	-	-	544,271

*Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets

**Note 16. Equity - retained profits**

	Note	2014 \$	2013 \$
Retained profits at the beginning of the financial year		561,604	614,115
Profit after income tax (expense)/benefit for the year		100,819	81,053
Dividends paid	17	(157,291)	(133,563)
Retained profits at the end of the financial year		505,132	561,605

**Note 17. Equity - dividends**

*Dividends*

**Final dividend**

	2014 \$	2013 \$
Final dividend paid	75,105	66,692

Year ended	30/06/2013	30/06/2012
Cents per share	5.5 ¢	5 ¢
Franking %	100%	100%
Date paid	22/10/2013	22/10/2012

**Interim dividend**

	2014 \$	2013 \$
Interim dividend paid	82,186	66,871

Half-year ended	31/12/2013	31/12/2012
Cents per share	6 ¢	5 ¢
Franking %	100%	100%
Date paid	4/04/2014	30/04/2013

**Note 17. Equity - dividends (continued)**

*Franking credits*

Franking credits available for subsequent financial years based on a tax rate of 30%

2014	2013
\$	\$
48,575	59,517

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

**Note 18. Financial instruments**

***Financial risk management objectives***

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

***Market risk***

***Foreign currency risk***

The company holds units in a trust that invests in Internationally listed shares and managed funds. The values of these holdings are converted from foreign currency to domestic currency at balance date, and as such the company is exposed to foreign currency risk through foreign exchange rate fluctuations. Under certain conditions the trust uses exchange traded options and foreign currency denominated currency accounts to hedge against adverse exchange rate movements.

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

***Changes in Value***

Market risk cannot be diversified away, but it can be reduced by investing across a broad range of industry sectors and countries. The proportions of the portfolios invested across these two categories are shown in the Directors' Report.

The Company holds units in a trust which through a sub-entity uses ASX exchange traded options to enhance income by taking a premium on options positions sold. The value of options will fluctuate according to price and volatility changes in the underlying securities over which they are written. Options values will also vary with changes to interest rates and company dividends. Further, they will decrease with the passage of time.

***Price risk***

The company is not exposed to any significant price risk.

***Interest rate risk***

The economic entity is exposed to interest rate risk on its cash holdings, which are generally subject to floating interest rates. The effective weighted average interest rate that applied to cash balances over the financial year was 2.7% (2013: 3.7%).

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company minimises credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

**Note 18. Financial instruments (continued)**

**Liquidity risk**

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 19. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Lawler Hacketts Audit, the auditor of the company:

	2014 \$	2013 \$
<i>Audit services - PKF Hacketts Audit</i>		
Audit of financial statements	16,000	16,000
	<u>16,000</u>	<u>16,000</u>

**Note 20. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 21. Reconciliation of profit after income tax to cash from/(used in) operating activities**

	2014 \$	2013 \$
Profit after income tax expense for the year	100,819	81,053
Adjustments for:		
Net fair value loss/(gain) on available-for-sale financial	(18,284)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,687	42,354
Decrease/(increase) in deferred tax assets	9,379	(26,193)
Increase/(decrease) in provision for income tax	-	9,996
Increase/(decrease) in other operating liabilities	22,605	(1,108)
Net cash from/(used in) operating activities	<u>116,206</u>	<u>106,102</u>

**Note 22. Earnings per share**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax attributable to the owners of Australia and International Holdings Limited	<u>100,819</u>	<u>81,053</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,369,752</u>	<u>1,338,681</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,369,752</u>	<u>1,338,681</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	7.36 ¢	6.05 ¢
Diluted earnings per share	7.36 ¢	6.05 ¢

**Note 23. Related Parties - Investments in related trusts**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Investments - Non-current</b>		
Investment in the Burrell Australian Equities Trust	2,643,836	2,390,742
Investment in the Burrell World Equities Trust	1,007,409	859,421
Investment in the Burrell Smallcap, Midcap and Resources Trust	<u>354,096</u>	<u>7</u>
Total	<u>4,005,341</u>	<u>3,250,170</u>

**Note 24. Related parties - Distributions from related trusts**

Distributions received or due and receivable by the Company from:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
The Burrell Australian Equities Trust	85,143	85,517
The Burrell World Equities Trust	2,122	4,387
The Burrell Smallcap, Midcap and Resources Trust	<u>3,624</u>	<u>-</u>
	<u>90,889</u>	<u>89,904</u>

**Australia and International Holdings Limited**  
**Director's declaration**

In the directors' opinion:

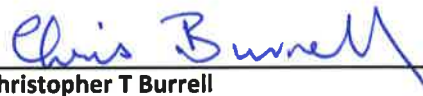
- ☒ the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Australia and International Holdings Limited;
- ☒ the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ☒ the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- ☒ there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Bernard C Rowley**  
Chairman



**Christopher T Burrell**  
Director

Brisbane  
11 September 2014

**Australia and International Holdings Limited**  
**Shareholder information**  
**30 June 2014**

The shareholder information set out below was applicable as at 30 June 2014

**Distribution of equitable securities**

Analysis of the number of equitable security holders by size of holdings:

	<b>Number of holders of ordinary shares</b>
1 to 1,000	8,651
1,001 to 5,000	121,545
5,001 to 10,000	210,530
10,001 to 100,000	694,844
100,001 and over	337,847
	<u>1,373,417</u>
Holdings of less than a marketable parcel	<u>1,045</u>

**Equity security holders**

*Twenty largest quoted equity security holders*

The name of the twenty largest security holders of quoted equity securities are listed below:

	<b>Ordinary Shares</b>	
	<b>Number held</b>	<b>% of total shares held</b>
CTBFam Pty Ltd <Secret Super Fund>	207,189	15.09
Mr Christopher Thomas Burrell	130,658	9.51
Sajrej Pty Ltd	64,819	4.72
Ms Marian Micalizzi	59,876	4.36
Donna Irwin	47,352	3.45
Wanstead Investment Company	45,000	3.28
Mr Jason Edward Leggat	43,154	3.14
Estate of Mrs Margaret W Burrell	41,645	3.03
RJB Superannuation Pty Ltd <The RJ Burrell Superannuation Fund>	41,549	3.03
CTBFam Pty Ltd	37,941	2.76
Prof. Francis James Finn	35,681	2.60
JNBFam Pty Ltd	34,246	2.49
Rowley Pty Ltd <Rowley Superannuation Fund>	32,421	2.36
Mrs Rosemary Josephine Burt	24,529	1.79
Sheford Investments Pty Ltd	23,876	1.74
Majella Pty Ltd <Higham Super Fund A/c>	18,070	1.32
Mr Roger J Burrell	17,800	1.30
Burrell Stockbroking Pty Ltd	15,989	1.16
Dr Roger J Hartigan <Hartigan Fund A/c>	15,000	1.09
Mrs Laurel A Yesberg & Mr Dean R Yesberg <Laurel Yesberg Super A/c>	14,641	1.07
	<u>951,436</u>	<u>69.29</u>

*Unquoted equity securities*

There are no unquoted equity securities on issue.

**Substantial shareholders**

Substantial shareholders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares held
CTBFam Pty Ltd <Secret Super Fund>	207,189	15.09
Mr Christopher Thomas Burrell	130,658	9.51

**Voting rights**

The voting rights attached to the ordinary shares of the Company are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



**Australia and International Holdings Limited**  
**Five year summary of performance**  
**30 June 2014**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Profit and Loss</b>					
Revenue from operating activities	158,399	108,153	182,350	564,204	177,449
Total expenses	<u>(48,201)</u>	<u>(43,297)</u>	<u>(40,884)</u>	<u>(41,798)</u>	<u>(90,421)</u>
Profit from ordinary activities before income tax expense	110,198	64,856	141,466	522,406	87,028
Income tax benefit/(expense)	<u>(9,379)</u>	<u>16,197</u>	<u>(26)</u>	<u>(94,527)</u>	<u>4,778</u>
Net profit/(loss) after tax	<u>100,819</u>	<u>81,053</u>	<u>141,440</u>	<u>427,879</u>	<u>91,806</u>
Net profit/(loss) attributable to the owners of Australia & International Holdings Limited	<u>100,819</u>	<u>81,053</u>	<u>141,440</u>	<u>427,879</u>	<u>91,806</u>
<b>Balance Sheet</b>					
Current assets	48,696	159,555	344,769	121,161	96,126
Non-current assets	<u>4,613,565</u>	<u>3,952,917</u>	<u>3,216,685</u>	<u>3,692,793</u>	<u>5,547,645</u>
Total assets	<u>4,662,261</u>	<u>4,112,472</u>	<u>3,561,454</u>	<u>3,813,954</u>	<u>5,643,771</u>
Current liabilities	25,583	3,026	4,136	2,175	25,655
Non-current liabilities	<u>374,295</u>	<u>206,225</u>	<u>63,938</u>	<u>181,201</u>	<u>139,355</u>
Total liabilities	<u>399,878</u>	<u>209,251</u>	<u>68,074</u>	<u>183,376</u>	<u>165,010</u>
Shareholders' funds	<u>4,262,383</u>	<u>3,903,221</u>	<u>3,493,380</u>	<u>3,630,578</u>	<u>5,478,761</u>
Earnings per share	7.36 ¢	6.05 ¢	11.12 ¢	27.65 ¢	4.82 ¢
Dividends per share	11.5 ¢	10 ¢	10 ¢	10 ¢	9.5 ¢
Net assets value per share	310 ¢	285.61 ¢	261.86 ¢	287.51 ¢	284.68 ¢
Price earnings ratio (x)	42.12	47.21	23.55	10.40	59.06

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Australia & International Holdings Limited ('the company'), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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*.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED  
(CONTINUED)**

**Opinion**

In our opinion:

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

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A 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.

**Opinion**

In our opinion the Remuneration Report of Australia & International Holdings Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

*PKF Hacketts Audit*

**PKF Hacketts Audit**



**Cameron Bradley**  
Partner

Brisbane, 11<sup>th</sup> September 2014

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Australia & International Holdings Limited ('the company'), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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*.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED  
(CONTINUED)**

***Opinion***

In our opinion:

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

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A 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.

***Opinion***

In our opinion the Remuneration Report of Australia & International Holdings Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

*PKF Hacketts Audit*

**PKF Hacketts Audit**



**Cameron Bradley**  
Partner

Brisbane, 11<sup>th</sup> September 2014