ANGAS SECURITIES LIMITED

ACN: 091 942 728
Annual report for the financial year ended 30 June 2014

Directors' report

The directors of Angas Securities Limited ("ASL" or "Angas") submit herewith the annual financial report of the company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	**Particulars**
Andrew Luckhurst-Smith	Executive Chairman. Lawyer who has practiced principally in the area of banking and finance, member of the Banking and Financial Services Law Association of Australia Limited, joined the Board 29 March 2000.
Matthew John Hower	Managing Director. Finance industry experience in area of corporate structured finance, joined the Board 29 March 2000.
Kimley John Lyons	Retired lawyer, who practiced principally in the area of banking and finance, former Managing Partner of a major Perth law firm, joined the Board 10 May 2002. Retired as director on 31 July 2013.
Paul Stephen McCarthy	Past General Manager SA & NT ANZ Banking Group. Associate of the Chartered Institute of Bankers (City of London) joined the Board 6 August 2007. Retired as a director on 22 August 2014.
Clive Thomas Guthrie	Twenty seven years at Westpac handling general banking, financial services and trust management followed by 15 years at Trust Company as manager of corporate trusts and Senior Manager Structured Finance. Joined the Board 1 July 2013.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Kimley John Lyons – resigned 31 July 2013
- Paul Stephen McCarthy – resigned 22 August 2014
- Clive Thomas Guthrie – appointed 1 July 2013

Directorships of other listed companies

No directors have held directorships of other listed companies in the three years immediately before the end of the financial year.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, fixed interest securities, and rights or options in shares or fixed interest securities of the company or a related body corporate as at the date of this report.

	Angas Securities Limited			
Directors	Fully paid ordinary shares Number	Partly paid ordinary shares Number	Redeemable Preference Shares $	Fixed interest securities $
A Luckhurst-Smith	171,976	-	-	-
M J Hower	424,176	-	2,500,000	-
K J Lyons	97,124	-	-	30,000
P S McCarthy	44,770	-	-	-
C T Guthrie	-	-	-	-

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this Directors' Report, on pages 5 to 10. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Company secretary

Edwina Starck was appointed Company Secretary on 1 November 2010. Edwina is a qualified solicitor and holds Bachelor degrees in Law and Arts and a Graduate Diploma in Legal Practice.

Principal activities

The consolidated entity's activities during the course of the financial year were the raising of funds from existing investors (as provided under section 708(14) of the Corporations Act) through the issue of fixed interest securities principally for first mortgage lending (as well as for other approved purposes including real property investments) and the management of a retail lending portfolio which is funded externally.

The consolidated entity has established and acquired several entities to carry on lending activities to enhance its core business. Angas is responsible entity of two managed investment schemes, Angas Prime Income Fund and Angas Contributory Mortgage Fund, which have external investors. Angas Financial Services, being a division of Angas Securities Limited, is a housing and commercial loan broker.

The consolidated entity holds investments in real property. Five of the most substantial property investments are held in Angas Commercial Property Trust. This portfolio comprises three well located commercial properties that are fully let to single tenants with strong lease covenants including fixed rent increases. These are long term investments. The tenants are Officeworks Superstores Pty Ltd, Priestley's Gourmet Goods Pty Ltd and Simon George & Son Pty Ltd. The other two holdings are parcels of vacant land.

Other property investments comprise a community of four houses at Junction Road, Wahroonga NSW, an interest in a commercial residential development at Goodwood Road, Wayville SA, an interest in Hindmarsh Precinct Development which owns commercial land adjacent to the Adelaide Entertainment Centre at Hindmarsh SA, residential land at Wannanup WA and two apartments at Fernleigh Gardens Estate SA. Finally there is a structured finance investment in the recently built Mannum Green Shopping Centre in SA.

Review of operations

The operating loss after income tax and before dividends for the period amounted to $5,422,923 (2013: Profit $534,187). This was a decrease over the previous year's result. Expenses relating to the recovery of loans have continued to be incurred. The quantum and value of expired loans has diminished but the recovery costs have contributed to the operating loss.

An abnormal impost comprises expenses related to professional fees incurred by the company and the Trustee under its indemnity as a result of working with the Trustee appointed under the Deed for the Issue of First Ranking Debenture Stock in respect of an Independent Business Review commenced in November 2012. The Trustee has yet to complete this exercise and the company continues to be exposed to ongoing costs. As a further result of the Independent Business Review and its incompletion, the company also incurred increased accounting and valuation fees for the year ending 30 June 2014.

Impaired loans continued to be managed. Further impairment expenses of $7,277,552 have been incurred for the year ending 30 June 2014 assessed in accordance with Australian Accounting Standards.

Interest revenue decreased for the year due to a number of factors. The company held excess liquidity during the period, often several times more than that required by the Trust Deed. This moved to a more normalized level by balance date but remains a factor negative to interest generation. Other influences impacting revenue are the treatment of loans having interest suspended as they are managed out to discharge, as well as a reduction in the mortgage book size of $15.2m for the twelve month period. The Board anticipated these income pressures which have been mitigated by funding cost reductions effective on 1 and 3 year investment rates. The company is yet to see the full benefit of three separate rate reductions as they progressively take effect.

During the period, the activities of the consolidated entities still focused on the raising of funds from the public through the issue of debenture securities principally for first mortgage lending (as well as for other approved purposes including real property investments), management of Angas Contributory Mortgage Fund ("ACMF") which is a commercial property finance portfolio that is funded externally, and the recent launch of a new mortgage trust as described below.

In January 2014 the current debenture prospectus expired and a new prospectus was not issued. Existing investors are still able to rollover or add to their debentures but the fund is closed to new retail investors. The company has issued a Product Disclosure Statement for Angas Prime Income Fund ("APIF") which will be the sole public offering for new retail investments. APIF is a mortgage trust. The company is licensed by ASIC to be Responsible Entity for APIF. Revenue will be derived by the company from managing APIF including a performance fee structure. The company bears no credit risk for non performance of loans in APIF's portfolio.

Future developments for the consolidated entity include maintaining core operating functions as a lender and funds manager whilst continuing to build revenue from the established debenture business and as manager of AFS, ACMF and the recently launched APIF. Growth of the asset base is expected to be derived from the policy of continued retention of a portion of after tax profits. The consolidated entity plans to maintain the retail lending business which generates fee income from retail lending using third party funding sources. ACMF has consolidated very well in its second full year of operation and is a solid contributor to revenue.

As stated at the outset of this Review of Operations, the Trustee engaged an independent advisor to initiate an Independent Business Review of the Company on 22 November 2012. The purpose of the Review was to ensure the Company had sufficient capacity to trade and operate as a going concern and repay all first ranking debenture investments in full as they fell due. The independent advisor's report was issued in its final form to the Trustee on 3 April 2013. The report was prepared solely for the use of the Trustee and is not to be disclosed to or relied upon by any other party without the prior written consent of its author. Since the independent advisor's report was received, the Company and the Trustee have agreed certain enhanced reporting protocols and other measures required by the Trustee in order to complete the Independent Business Review process. The Basis of Preparation of the financial report at Note 1 considers this information in the context of the going concern assumptions as at the date of this report.

One of the protocols required the Company to obtain new independent licensed valuations, in accordance with an instruction letter agreed with the Trustee, in respect of certain loans (the "Agreed Valuations"). These valuations were duly received and presented to the Trustee more than twelve months prior to the date of this Report. The Trustee requested the Agreed Valuations to be reviewed by an external reviewer at the cost of the Company rather than undertake its own review. The Company continues to fully co-operate with the Trustee in all respects as required by the Trust Deed.

Future developments

The consolidated entity proposes to maintain its core operating functions whilst continuing to build its asset base and revenue. Growth of the asset base is expected to be derived from the issue of fixed interest securities together with a policy of continued retention of a portion of after tax profits. The consolidated entity plans to maintain the retail lending business which generates fee income from retail lending using third party funding sources. APIF is a retail investment product comprising a pooled mortgage trust that was successfully launched in FY 14. This product is in addition to the contributory mortgage trust known as ACMF, which has completed its second year of trading during the period. Both mortgage trusts are expected to be solid contributors to earnings on an ongoing basis.

Angas is Australia's largest issuer of fixed interest securities (commonly known as debentures) issued pursuant to Chapter 6D of the Corporations Act. After its successful launch in January 2014, Angas expects that APIF will complement its existing retail offering. A diminution in direct competitors, the progressive aging of the Australian population and the recent fall in interest rates are expected to underpin the strength of the Company's retail offerings.

Business risks that Angas faces to its financial performance include credit losses of principal and interest in respect of its core lending activities. These could arise due to loan size, borrowers default, and protracted delays in realizing security and falls in the property market. As some property investments are geared, any losses could be magnified. Investments utilizing put and call structures expose Angas to equity risk. The directors believe that there are appropriate risk management structures in place to mitigate against potential losses. In the case of ACMF and APIF, losses from lending are absorbed by investors in the mortgage trusts rather than by the Company as manager.

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Dividends

No dividend was declared in respect of the financial year ended 30 June 2014.

Subsequent events

A fully franked dividend of $247,945 (imputed credit of $106,262) was declared on 25 July 2014 and paid on 31 July 2014 for Redeemable Preference Share holders in Series 2. This represents a fully franked dividend of 4.96 cents per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by $106,262.

As at 30 June 2014, Angas had a principal loan receivable of $24.5m (2013: $27.6m) secured by a first mortgage over an investment property called 'Fernhill' comprising some 702 hectares of land on the western outskirts of Sydney. The facility was restructured in September 2014 in two stages.

On 3 September 2014 the debenture fund loan receivable was reduced down to $20.5m as a result of a call option associated with the transaction being exercised whereby Fernhill Central was sold to a third party. A new deed of variation to the facility was executed on 11 September 2014 to fund the development of the Eastern Precinct and the Western precincts of Fernhill in accordance with a Development Application lodged by Angas with Penrith City Council. The debenture funds invested in the Fernhill loan pursuant to the deed of variation totaled $25.5m including prepaid interest on the facility. An Investment of debenture funds was also made comprising a loan to the purchaser of the Central Precinct secured by a registered first mortgage. This loan was made in September 2014 for $0.45m

On 3 September 2014 the minority unit holders in Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust and Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust sold their units to Angas Commercial

Property Trust a subsidiary of Angas Securities Limited. The combined purchase price paid by Angas Commercial Property Trust for the units totaled $990,000.

Matthew Hower and Andrew Luckhurst-Smith were appointed Directors along with Edwina Starck who was appointed as Company Secretary of Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust and Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust. Angas has appointed MRS Property Consultants to manage the property as well as renegotiating a lower interest rate with National Australia Bank which holds the first mortgage over the project. Angas expects that these changes will immediately enhance the return on the investment and has developed plans with its consultants to enhance the value of Stage 1 of the project noting the as yet unrealized potential of developing adjoining vacant land in common ownership as Stage 2.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named on page 1), the Company Secretary, Edwina Starck, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 15 Board meetings and 12 Audit, Risk Management and Compliance Committee ("ARMCO") meetings were held.

Directors	Board Meetings Held	Board Meetings Attended	ARMCO Held	ARMCO Attended
Mr A Luckhurst-Smith	15	15	12	11
Mr M J Hower	15	15	N/A	N/A
Mr K J Lyons	N/A	N/A	12	12
Mr P S McCarthy	15	14	N/A	N/A
Mr C T Guthrie (i)	15	15	N/A	1

(i) Attended one ARMCO meeting during the year by invitation.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 37 to the financial statements.
The directors are satisfied that the provision of non-audit services, during the 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 by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 37 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 11 of the annual report.

Remuneration report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Angas Securities Limited's key management personnel ("KMP") for the financial year ended 30 June 2014. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of employment contracts.

Key Management Personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Name	Position	Appointment Date
Matthew Hower	Managing Director	24 March 2000
Andrew Luckhurst-Smith	Executive Chairman	24 March 2000
Kimley Lyons	Director and ARMCO Chairman	10 May 2002 (retired as director on 31 July 2013)
Paul McCarthy	Director and Credit Committee Chairman	6 August 2007 (retired 22 August 2014)
Clive Guthrie	Non-executive Director	1 July 2013
Edwina Starck	Company Secretary	1 November 2010

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

As each KMP fulfils a different role in the consolidated entity, each KMP will be entitled to an annual review of remuneration. This review will require an independent assessment from an industry expert which will determine that the KMP's remuneration is at a market level for their particular role. The Board will then review the independent expert's assessment and confirm whether it accepts the recommended rate. This is solely at the Board's discretion and the relevant KMP must abstain from voting with regard to their particular recommendation.

In July 2013 an independent consultant from Red Appointments Pty Ltd advised that remuneration levels for all KMP's (excluding the Company Secretary) were consistent with industry norms for similar roles. The Board reviewed this advice and recommended there be no salary increases for the period and that director fees would remain at $5,000 per month for each director. The consultant did not advise the company on any other matter during the period and no consideration was paid for the advice. Red Appointments Pty Ltd is an independent unrelated consultant to the Company and as such any advice received from Red Appointments Pty Ltd would be free from undue influence by members of the KMP.

Annual Remuneration as at 30 June 2014:

Name	Annual Salary *	% Paid
Matthew Hower	$287,375 + 9.25% Super	85%
Andrew Luckhurst-Smith	$190,190 + 9.25% Super	100%
Kimley Lyons	$60,000 + 9.25% Super	100%
Paul McCarthy	$189,667 + 9.25% Super	100%
Clive Guthrie **	N/A	N/A
Edwina Starck	$105,000 + 9.25% Super	100%

* The term Annual Salary refers to a nominal amount and each executive is only entitled to be paid a percentage of that nominal salary. The percentage paid is calculated based on hours worked as agreed by the Board.

** Mr Guthrie is a non-executive director and therefore is not paid a salary. Mr Guthrie is paid a directors fee of $5,000.00 per month and $1,000.00 per month consultancy fee for heading the Due Diligence Committee.

KMP (excluding the Company Secretary) are not entitled to long service leave but will be entitled to annual leave in accordance with the agreed Annual Leave Policy for Executive Directors.
No KMP (excluding the Company Secretary) are employed under contract.
KMP are paid in line with the current market with respect to salaries.
Remuneration for KMP has not been linked to performance, with no automatic annual remuneration increases made.

The Angas Securities Board has determined that from company inception, the most appropriate way to protect its investors and to maximise shareholder wealth is to manage the company in a prudent and conservative manner. Given recent global financial conditions and dislocation in a number of financial markets, this approach has certainly been well justified. Accordingly, no change to the dividend policy is envisaged and in any case, this can only be implemented by a Board resolution.

Whilst there has been a broad understanding to that effect, the Board has also formally adopted a Policy on Security Interest over Shareholdings on 22 May 2008. The policy reflects:

1. Directors will not register charges over their shareholding in ASL without the consent of the Board;
2. In the absence of sound commercial reasons that are for the benefit of ASL such consent will not normally be forthcoming; and
3. In the event directors' ASL shareholding is changed, the National Stock Exchange ("NSX") will be immediately notified.

Given well-publicised issues arising from margin lending against company shares in previous years, the Board feels that this policy is both appropriate and prudent. Accordingly, there are no margin loans against any Angas Securities shares.
With respect to the company's capital base, it cannot be reduced without full consent of the Board, trustee and an independent auditor's sign off. The independent auditors' sign off is a requirement under the Trust Deed for First Ranking Debenture Stock ('agreed upon procedures') and of the Board.

Relationship between the remuneration policy and company performance

The Board has determined that as the majority of KMP are also owners of the business it is not appropriate to link remuneration to company performance. Accordingly, KMP are not entitled to instruments such as performance and equity options. Likewise, there will be no cash incentives or bonus payments available for KMP.
The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2014:

	30 June 2010 $	30 June 2011 $	30 June 2012 $	30 June 2013 $	30 June 2014 $
Revenue	27,136,605	30,715,934	35,728,620	44,448,874	33,563,703
Net profit / (loss) before tax	3,800,162	2,717,369	2,012,309	1,252,562	(7,981,874)
Net profit / (loss) after tax	2,746,182	1,834,438	1,547,125	534,187	(5,422,923)

	30 June 2010	30 June 2011	30 June 2012	30 June 2013	30 June 2014
Share price at start of year[2]	-	-	-	-	-
Share price at end of year[2]	-	-	-	-	-
Interim dividend[1]	600,000	-	-	-	-
Final dividend[1]	400,000	1,000,000	1,000,000	1,000,000	-

[1] Franked to 100% at 30% corporate income tax rate.
[2] Angas Securities Limited shares are not traded in an active market and therefore no price is disclosed.

Angas Securities Limited shares are not traded in an active market and hence there is no link between performance and the share price.

Remuneration of key management personnel

2014	Short-term employee benefits Salary $	Fees (i) $	Allowances (ii) $	Post-employment benefits Superannuation $	Total $
Executive officers					
M J Hower	244,269	60,000	-	22,595	326,864
A Luckhurst-Smith	190,190	60,000	-	17,593	267,783
P S McCarthy	189,668	60,000	-	17,544	267,212
K J Lyons	63,262	5,000	6,000	6,407	80,669
C T Guthrie		69,000	-	-	69,000
E Starck	88,073	-	-	8,147	96,220
					1,107,748

2013	Short-term employee benefits Salary $	Fees (i) $	Allowances (ii) $	Post-employment benefits Superannuation $	Total $
Executive officers					
M J Hower	244,269	60,000	-	21,984	326,253
A Luckhurst-Smith	190,190	60,000	-	17,117	267,307
P S McCarthy	189,668	60,000	-	17,070	266,738
K J Lyons	99,144	60,000	9,800	9,805	178,749
C T Guthrie	-	-	-	-	-
E Starck	59,132	-	-	5,322	64,454
					1,103,501

(i) Fees relate to directors fees.

(ii) Allowances relate to an accommodation allowance for interstate executive officers when travelling to Adelaide and fees received in relation to director property inspections.

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

There are no cash incentives or bonus payments available for KMP.

Employee share option plan

There are no share option plans.

Other share based compensation

There is no other share based compensation.

Key terms of employment contracts

No KMP (excluding the Company Secretary) are employed under contract.

The Company Secretary is employed under a standard salary based employment contract. Under the terms of the contract either party can terminate the contract with 4 weeks written notice.

The employment contract is set for a fixed annual amount plus 9.25% superannuation with annual salary reviews.

Loans to key management personnel

The consolidated entity has not provided any key management personnel with any loans.

Key management personnel equity holdings

Fully paid ordinary shares of Angas Securities Limited

	Balance at 1 July No.	Net other change No.	Balance at 30 June No.
2014			
A Luckhurst-Smith	171,976	-	171,976
M J Hower	424,176	-	424,176
K J Lyons	97,124	-	97,124
P S McCarthy	12,895	31,875	44,770
2013			
A Luckhurst-Smith	171,976	-	171,976
M J Hower	424,176	-	424,176
K J Lyons	97,124	-	97,124
P S McCarthy	9,740	3,155	12,895

Partly paid ordinary shares of Angas Securities Limited

	Balance at 1 July No.	Net other change No.	Balance at 30 June No.
2014			
P S McCarthy	31,875	(31,875)	-
2013			
P S McCarthy	31,875	-	31,875

Other transactions with key management personnel of the Group

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

	Consolidated	
	2014	**2013**
	$	**$**
Consolidated revenue includes the following amounts arising from transactions with key management personnel of the consolidated entity or their related parties:		
Serviced office	193,652	284,035
Trail commission	18,320	4,516
	211,972	288,551
Consolidated profit includes the following expenses arising from transactions with key management personnel of the consolidated entity or their related parties:		
Commissions	-	8,191
Consultancy fee	-	97,900
Interest expense	8,068	22,647
Legal consultancy	73,496	72,856
Management fee	109,801	148,398
	191,365	349,992
Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Receivables – Trailing commission	30,886	18,600
	30,886	18,600
Total adjustments to assets arising from transactions pertaining to loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Trade and other receivables	(250,000)	(250,000)
	(250,000)	(250,000)

Angas Securities Limited charges a service fee to KWS Capital No.2 Pty Ltd, of which Mr M J Hower is a director, for office space, equipment and services provided. For the 2014 financial year $184,416 (2013: $260,220) was charged to KWS Capital No.2 Pty Ltd in the form of a service fee. A smaller service fee was also charged to Mr A Luckhurst-Smith for secretarial services provided. For the 2014 financial year $7,872 (2013: $18,360) was charged to Mr A Luckhurst-Smith. In addition a service fee of $1,364 (2013: $5,455) was charged in 2014 to Angas Prime Income Fund for which Angas Securities Limited is the Responsible Entity. The service fees are based on percentage of usage which is reviewed by the Board on an annual basis.

In 2014 the retail lending business received $18,320 (2013: $4,516) in trail commission from FAST in relation to residential home loans held by Andrew Luckhurst-Smith and Paul McCarthy.

During the financial year nil (2013: $8,191) trailing commission were paid to Hower Corporation Pty Ltd, of which Mr M J Hower is a director. Trail commission is based on current market rates and is only paid when applicable.

For the financial year ending 2014 nil (2013: $97,900) consultancy fee was paid to Barri Nominees, of which Mr P S McCarthy is a director, the consultancy fee was based on standard rates for the service provided.

Interest was paid to the following directors and to parties related to them on fixed interest securities funds invested with Angas Securities Limited:

K J Lyons	$ 2,201	(2013: $2,273)
Angas Prime Income Fund	$ 5,868	(2013: $20,375)

(Angas Securities Limited is the Responsible Entity of Angas Prime Income Fund)

All fixed interest securities interest is based on current advertised rate. Any rate paid above advertised rates must be approved by two directors who are not parties to the fixed interest securities investment.

Amounts paid to Mr A Luckhurst-Smith for legal consultancy fees for the year were $73,496 (2013: $72,856). Fees were based on standard rates for each service provided and were fully recovered by the consolidated entity from borrowers.

A management fee was paid by Angas Commercial Property Trust ("Trust") to Angas Property Fund Limited (M J Hower, A Luckhurst-Smith, P S McCarthy and K J Lyons are shareholders of this company) of $109,801 (2013: $148,398). The management fee related to services provided by Angas Property Fund Limited relating to the management of investment properties held within the Trust.

Included under assets in trade and other receivables (trailing commission receivable) an amount totalling $30,886 (2013: $18,600) has been included as trailing commission receivable by the company as a result of home loans between Mr A Luckhurst-Smith and Angas Financial Services; and Mr Paul McCarthy and Angas Financial Services. The trail commission receivable rate is determined by FAST.

Entities associated with Mr K J Lyons and Mr A Luckhurst-Smith have a pari passu interest in a property sale receivable of $125,000 each. The investment met the derecognition criteria of AASB139 and accordingly the property sale receivable in Trade and other receivables (Note 11) is recorded net of this investment.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

M J Hower
Director
Adelaide, 30 September 2014

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The Board of Directors
Angas Securities Limited
Level 14
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ADELAIDE SA 5000

30 September 2014

Dear Board Members

Angas Securities Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Angas Securities Limited.

As lead audit partner for the audit of the financial statements of Angas Securities Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the members of Angas Securities Limited

Report on the Financial Report

We have audited the accompanying financial report of Angas Securities Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 14 to 72.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

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

Deloitte.

Opinion

In our opinion:

(a) the financial report of Angas Securities Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity'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 statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 in the financial report, which indicates that the Independent Business Review commissioned by the Trustee of the debenture holders remains incomplete. This incomplete review, along with other matters set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of 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 section 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 Angas Securities Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants
Adelaide, 30 September 2014

Directors' Declaration

The directors declare that:

(a) 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;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 of the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

M J Hower
Director
Adelaide, 30 September 2014

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Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2014

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$	$	$	$
Interest revenue	6	23,988,506	35,503,217	23,631,247	32,551,525
Interest expense	7	(21,563,784)	(26,169,422)	(20,271,288)	(23,080,421)
Net interest revenue		2,424,722	9,333,795	3,359,959	9,471,104
Non interest revenue	6	9,575,197	8,945,657	7,669,227	7,994,776
Marketing expenses		(505,468)	(312,156)	(505,468)	(300,041)
Occupancy expenses		(604,718)	(615,264)	(604,718)	(615,264)
Administration expenses	8	(10,998,929)	(10,139,986)	(10,927,543)	(10,302,674)
Impairment expenses		(7,277,552)	(4,624,112)	(6,879,025)	(4,260,393)
Lending waivers		-	(662,440)	-	(662,440)
Other expenses		(595,126)	(672,932)	(89,694)	(52,266)
Profit / (loss) before tax	8	(7,981,874)	1,252,562	(7,977,262)	1,272,802
Income tax benefit / (expense)	9	2,558,951	(718,375)	2,714,614	(664,683)
Profit / (loss) for the year		(5,422,923)	534,187	(5,262,648)	608,119
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(5,422,923)	534,187	(5,262,648)	608,119
Attributable to:					
Equity holders of the parent		(5,304,750)	750,595	(5,262,648)	608,119
Non-controlling interests		(118,173)	(216,408)	-	-
		(5,422,923)	534,187	(5,262,648)	608,119

Notes to the financial statements are included on pages 20 to 72.

Consolidated statement of financial position as at 30 June 2014

		Consolidated		Company	
		2014	2013	2014	2013
	Note	$	$	$	$
Assets					
Cash and cash equivalents	33(a)	22,744,969	22,693,698	22,020,623	21,592,875
Trade and other receivables	11	17,293,781	23,224,929	17,066,452	23,213,415
Current tax assets	9	66,247	-	66,247	-
Property held for resale	17	4,917,552	5,915,251	1,304,052	1,410,751
Loans	13	201,556,956	238,241,658	200,462,304	215,189,223
Deferred tax assets	9	3,227,269	405,050	3,119,665	405,050
Other financial assets	12	218,000	218,000	14,557,471	14,719,648
Property, plant and equipment	15	201,395	360,449	201,395	360,449
Other assets	21	206,278	214,462	129,405	102,099
Inventory - property	18	2,742,300	2,742,300	2,742,300	2,742,300
Investment property	16	33,908,050	32,849,998	4,837,659	4,868,607
Other intangible assets	20	88,200	134,912	88,200	134,912
Goodwill	19	592,184	592,184	592,184	592,184
Total assets		287,763,181	327,592,891	267,187,957	285,331,513
Liabilities					
Trade and other payables	23	4,204,744	2,777,101	3,065,575	1,690,078
Other financial liabilities	26	384,188	1,349,943	330,919	1,317,141
Interest bearing liabilities	24	273,001,364	306,680,213	253,278,597	265,320,449
Current tax liability	9	52,761	872,939	-	858,683
Provisions	25	337,267	281,531	337,267	281,531
Total liabilities		277,980,324	311,961,727	257,012,358	269,467,882
Net assets		9,782,857	15,631,164	10,175,599	15,863,631
Equity					
Issued capital	27	9,028,067	8,953,451	9,028,067	8,953,451
Retained earnings	28	872,711	6,677,461	1,147,532	6,910,180
Equity attributable to equity holders of the parent		9,900,778	15,630,912	10,175,599	15,863,631
Non-controlling interest		(117,921)	252	-	-
Total equity		9,782,857	15,631,164	10,175,599	15,863,631

Notes to the financial statements are included on pages 20 to 72.

Consolidated statement of change in equity for the financial year ended 30 June 2014

Consolidated

	Issued Capital $	Retained earnings $	Non-controlling interest $	Total $
Balance at 30 June 2012	5,920,921	7,551,578	241,660	13,714,159
Profit/(loss) for the period	-	750,595	(216,408)	534,187
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	750,595	(216,408)	534,187
Payment of dividends – ordinary shares	-	(1,000,000)	-	(1,000,000)
Payment of dividends – preference shares	-	(626,712)	-	(626,712)
Off-market share buy-back	-	-	(25,000)	(25,000)
Issue of capital – ordinary shares	66,728	-	-	66,728
Issue of capital – preference shares	2,500,000	-	-	2,500,000
Installment partly paid shares	465,802	-	-	465,802
Other	-	2,000	-	2,000
Balance at 30 June 2013	8,953,451	6,677,461	252	15,631,164
Profit/(loss) for the period	-	(5,304,750)	(118,173)	(5,422,923)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(5,304,750)	(118,173)	(5,422,923)
Payment of dividends – ordinary shares	-	-	-	-
Payment of dividends – preference shares	-	(500,000)	-	(500,000)
Redemption of units in trust	-	-	-	-
Issue of capital – ordinary shares	-	-	-	-
Issue of capital – preference shares	-	-	-	-
Installment partly paid shares	74,616	-	-	74,616
Balance at 30 June 2014	9,028,067	872,711	(117,921)	9,782,857

Company

	Issued Capital $	Retained earnings $	Non-controlling interest $	Total $
Balance at 30 June 2012	5,920,921	7,928,773	-	13,849,694
Profit/(loss) for the period	-	608,119	-	608,119
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	608,119	-	608,119
Payment of dividends – ordinary shares	-	(1,000,000)	-	(1,000,000)
Payment of dividends – preference shares	-	(626,712)	-	(626,712)
Issue of capital – ordinary shares	66,728	-	-	66,728
Issue of capital – preference shares	2,500,000	-	-	2,500,000
Installment partly paid shares	465,802	-	-	465,802
Balance at 30 June 2013	8,953,451	6,910,180	-	15,863,631
Profit/(loss) for the period	-	(5,262,648)	-	(5,262,648)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(5,262,648)	-	(5,262,648)
Payment of dividends – ordinary shares	-	-	-	-
Payment of dividends – preference shares	-	(500,000)	-	(500,000)
Issue of capital – ordinary shares	-	-	-	-
Issue of capital – preference shares	-	-	-	-
Installment partly paid shares	74,616	-	-	74,616
Balance at 30 June 2014	9,028,067	1,147,532	-	10,175,599

Notes to the financial statements are included on pages 20 to 72.

Consolidated statement of cash flows for the financial year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Cash flows from operating activities					
Receipts from customers		8,397,742	7,679,605	6,536,441	6,561,401
Payments to suppliers and employees		(12,060,060)	(11,595,684)	(11,727,073)	(10,727,300)
Payments of property investment distributions		-	(2,025)	-	-
Interest received		25,165,190	26,318,768	24,794,287	23,230,402
Interest paid		(21,872,093)	(25,333,722)	(20,608,049)	(22,218,615)
Income tax received		-	337,045	-	337,045
Income taxes paid		(1,149,694)	(326,246)	(924,931)	(186,516)
Net cash used in operating activities	33(d)	(1,518,915)	(2,922,259)	(1,929,325)	(3,003,583)
Cash flows from investing activities					
Proceeds from repayment of mortgage loans		93,118,731	97,273,754	87,169,317	63,709,404
Payments for mortgage loans		(79,193,007)	(130,073,993)	(73,722,274)	(82,839,235)
Proceeds from units in trust		-	-	300,000	900,000
Payment of units in trust		-	-	-	(1,200,000)
Proceeds from financial assets		-	650,000	-	-
Amounts advanced to subsidiaries		-	-	(128,292)	-
Amounts received from subsidiaries		-	-	713,000	-
Proceeds from sale of property, plant and equipment		-	17,768	-	17,768
Payments for property, plant and equipment		(9,408)	(33,321)	(9,408)	(33,321)
Payments for acquisition of investment properties		-	(1,307,646)	-	-
Payment of building and development costs for investment properties		-	(3,364,383)	-	(66,097)
Net cash outflow on disposal of subsidiary	38(c)	(434,263)	-	-	-
Amounts advanced to subsidiaries		-	-	-	(893,270)
Net cash provided by / (used in) investing activities		13,482,053	(36,837,821)	14,322,343	(20,404,751)
Cash flows from financing activities					
Proceeds from borrowings		53,523	3,420,736	-	-
Repayment of borrowings		(107,763)	(807,412)	(107,643)	(112,532)
Repayment of units redeemed in trust		-	(25,000)	-	-
Proceeds from issue of equity securities		74,616	532,530	74,616	532,530
Proceeds from investors – managed investment scheme		-	18,371,000	-	-
Repayments from investors – managed investment scheme		-	(4,910,000)	-	-
Proceeds from issue of fixed interest securities		29,140,479	55,592,412	29,140,479	55,592,412
Repayment of fixed interest securities		(40,442,722)	(40,915,000)	(40,442,722)	(40,915,000)
Proceeds from issue of redeemable preference shares		-	3,875,000	-	3,875,000
Repayment of redeemable preference shares		(130,000)	-	(130,000)	-
Payment of debt issue costs		-	(23,202)	-	(23,202)
Dividends paid:					
- members of parent entity		(500,000)	(1,501,370)	(500,000)	(1,501,370)
Net cash provided by / (used in) financing activities		(11,911,867)	33,609,694	(11,965,270)	17,447,838
Net increase / (decrease) in cash and cash equivalents		51,271	(6,150,386)	427,748	(5,960,496)
Cash and cash equivalents at the beginning of the financial year		22,693,698	28,844,084	21,592,875	27,553,371
Cash and cash equivalents at the end of the financial year	33(a)	22,744,969	22,693,698	22,020,623	21,592,875

Notes to the financial statements are included on pages 20 to 72.

1. General information

Angas Securities Limited (the Company) is a public company incorporated in Australia and operating in Adelaide. Fixed interest securities issued upto and including the date of 31 January 2014 by Angas Securities Limited were listed on the National Stock Exchange (NSX). No fixed interest securities were listed on the NSX after 31 January 2014.

The Company's registered office and its principal place of business is as follows:

Registered office	**Principal place of business**
Level 14, 26 Flinders Street	Level 14, 26 Flinders Street
Adelaide SA 5000	Adelaide SA 5000
Tel: (08) 8410 4343	Tel: (08) 8410 4343

The principal activities of the Company and its subsidiaries (the consolidated entity) are described in note 5.

2. Application of new and revised Accounting Standards

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the consolidated entity has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

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 a result the consolidated entity only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 37 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	The consolidated entity has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the consolidated entity does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009- 2011 Cycle'	The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the consolidated entity are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

2. Application of new and revised Accounting Standards (cont'd)

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements (cont'd)

AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

2.2 New and revised Standards on consolidation, joint arrangements, associates and disclosures

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the consolidated entity has applied for the first time AASB 10, AASB 11, AASB 12 and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance.

The impact of the application of these standards is set out below.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	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. The adoption of this standard does not have any material impact on the consolidated financial statements.
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). The adoption of this standard does not have any material impact on the consolidated financial statements.
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 32 for details).

2. Application of new and revised Accounting Standards (cont'd)

2.2 New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The consolidated entity has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for sharebased payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the consolidated entity has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 16 and 17 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below 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 2018	30 June 2019
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

2. Application of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations in issue not yet adopted (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	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
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
INT 21 'Levies'	1 January 2014	30 June 2015

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 'Financial Instruments'	1 January 2018	30 June 2019
Amendments to IAS 16 and IAS 41 for Bearer Plants	1 January 2016	30 June 2017
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017

3. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the separate financial statements of the Company and the consolidated financial statements of the consolidated entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 30 September 2014.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the consolidated entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

Going Concern

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the previous financial year, in the fixed interest securities funded commercial lending sector, two significant debenture companies entered receivership. Both were unlisted and unrated issuers so were not directly comparable to the company. However, the Australian Securities and Investments Commission ('ASIC') publicly announced increased surveillance of the debenture sector and has released proposals for legislative changes to be phased in over four years if enacted. The Company welcomes regulatory reform that enhances investor confidence in the sector and will continue to actively engage in the regulator's consultation process. There has been minimal impact on the debenture reinvestment rate amongst the company's fixed interest securities investors in response to these recent market developments.

In response to these industry developments, the Trustee for the first ranking investors appointed an advisory firm to initiate a review of the Company's operations. This appointment was made on 22 November 2012. The purpose of the review was to ensure the Company had sufficient capacity to trade and operate as a going concern and repay all first ranking investments in full as they fell due. The independent advisor report was issued in its final form to the Trustee on 3 April 2013. The report was prepared solely for the use of the Trustee and is not to be disclosed or relied upon by any other party without prior written consent of its author. Since the independent advisor's report was received, the Company and the Trustee have agreed certain enhanced reporting protocols and other measures required by the Trustee.

The Independent Business Review being undertaken by the Trustee remains incomplete. However, the Company and the Trustee are working towards having the Independent Business Review process completed as soon as practicable. Only one issue of substance remains outstanding. Certain Agreed Valuations were obtained by the Company in respect of its loan portfolio. These Valuations were supplied to the Trustee twelve months ago. They are now being analysed by an external party at the Company's expense.

3. Significant accounting policies (cont'd)

Nonetheless, the Independent Business Review being undertaken by the Trustee remains incomplete and without a final determination by the Trustee as to any measures that may be imposed pursuant to the Trustee's powers under the Trust Deed for First Ranking Debenture Stock ("Trust Deed"), there accordingly exists significant uncertainty regarding the ability of the company and the group to continue as going concerns and that therefore the company and the group may be unable to realise their assets and discharge their liabilities in the normal course of business

Despite the matters outlined above, the Directors believe that, it is appropriate to prepare the financial statements on a going concern basis for the following reasons:-

(a) fixed interest securities are not issued under terms at call, and therefore the profile of contractual redemptions can be managed with existing cash resources and realization of assets if required,

(b) forecast cashflows remain positive in the foreseeable future

(c) in accordance with section 912A(1)(d) of the Corporations Act, the company has adequate resources to continue operating for the foreseeable future. It has liquid assets above the 5% minimum liquidity requirement under the Trust Deed and its capital is at a higher level than previous periods with Net Tangible Assets standing above the amount required under the Trust Deed, and

(d) the Company has previously utilised the sale of loans to investors or other financiers as a tool for managing its liquidity. The Directors are confident that the Company will continue to have this ability in this future.

Accordingly, the financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the consolidated entity and the company not continue as going concerns.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with consolidated entity's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the consolidated entity's ownership interests in subsidiaries that do not result in the consolidated entity losing control are accounted for as equity transactions. The carrying amounts of the consolidated entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. Significant accounting policies (cont'd)

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the consolidated entity had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the consolidated entity, liabilities incurred by the consolidated entity to the former owners of the acquiree and the equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the consolidated entity entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the consolidated entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the consolidated entity's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the consolidated entity attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. Significant accounting policies (cont'd)

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3(b) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

The consolidated entity's policy for goodwill arising on the acquisition of an associate is described at 3(b) above.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

<u>Interest revenue</u>

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the consolidated entity and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

<u>Trust distribution</u>

Trust distribution revenue is recognised when receivable.

<u>Loan fee income</u>

Loan fee income is recognised over the loan period. However, loan fee income which is earned as a result of maintaining the loan will be recognised as revenue as the service is provided.

<u>Trailing commission</u>

Trailing commission is recognised as revenue as the service is provided. Interest revenue on trailing commission is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

<u>Upfront commission</u>

Upfront commission is recognised as revenue when received. The upfront commission is paid at loan settlement date and no further servicing is required to fulfil the receipt of the upfront commission.

<u>Rental income</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

<u>Profit on sale of property</u>

Revenue from the sale of property is recognised when all the following conditions are satisfied:

- the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In addition, where the consolidated entity enters an agreement that locks in the sale price to be settled at a future date and the above conditions are met this is treated as a sale of the property and the corresponding profit is recognised.

(e) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The consolidated entity's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant accounting policies (cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the consolidated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(f) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in banks and investments in money market instruments.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(h) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. Significant accounting policies (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest revenue is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the consolidated entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the consolidated entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the consolidated entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the consolidated entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the consolidated entity retains an option to repurchase part of a transferred asset), the consolidated entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(i) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the consolidated entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Significant accounting policies (cont'd)

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the consolidated entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to retained earnings. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3(d) above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction cost.

Other financial liabilities are subsequently measured at amortised cost using effective interest rate method, with interest expense recognised on an effect yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The consolidated entity derecognises financial liabilities when, and only when, the consolidated entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. Significant accounting policies (cont'd)

(k) Property, plant and equipment

Plant and equipment and assets held under finance leases are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Plant and equipment	2.5 – 10 years
Assets held under finance leases	2.5 – 10 years

(l) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Depreciation is recognised so as to write off the cost or valuation of investment properties less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Buildings	50 years

(m) Intangible assets

Software

Software is recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

Software (including under lease)	2.5 - 4 years

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3. Significant accounting policies (cont'd)

(o) Employee benefits

Short-term and Long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(p) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

The consolidated entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The consolidated entity as lessee

Assets held under finance leases are initially recognised as assets of the consolidated entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant accounting policies (cont'd)

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(s) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such assets (or disposal groups) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the consolidated entity is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the consolidated entity will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(t) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(u) Lending waivers

Lending waivers relate to the waiver of interest and other loan fees at the discretion of the Board.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that the directors have made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

<u>Trailing commission</u>

Trailing commission receivable is calculated at a discount rate of 16.73% (post-tax) on total retail loans. Management estimates that the average life of a loan is 8 years.

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Loans

Management uses independent valuations in conjunction with other credit assessment material in determining whether a potential borrower has adequate security and in turn determining the likelihood of recovering the loan advance that is to be made. All real property must be valued by an independent licensed valuer appointed by the company before a loan is made. The valuation is used to determine the maximum loan amount to be advanced taking into account the following Loan to Valuation Ratios ("LVR"):

- Residential Land 70%
- Industrial Land 70%
- Commercial Land 70%
- Rural Land 50%
- Development Loan of up to 70% of the "as is" value of the development
- Construction Loan of up to 70% of the "as if complete" end value of the development.

The outcome of the analysis will determine whether or not the company will make a loan, the amount of any such loan in terms of the maximum LVR and the length of the loan term.

In terms of provisioning against loans, the Board meets on a monthly basis and reviews all loans which have indicators of impairment. Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cashflow. The cashflow requires critical judgements to be made on the timing of the cash inflows and outflows in addition to the actual amounts recovered. The Board uses previous sales evidence obtained from market data to assess the value of the inflows and outflows and critical judgement on the timing of such inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cashflow total, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board a provision is made against the loan

The Board believe that the chosen valuation techniques and assumptions used are appropriate in determining the recoverability of impaired loans.

Deferred taxation on tax losses

For the purposes of measuring a deferred tax asset arising from tax losses Management has reviewed future budgets and forecasts to determine that the Consolidated entity will be profitable and hence will be in a position to claim tax losses in the future.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2014 was $592,184 (30 June 2013: 592,184). No impairment loss was recognised during 2014 (2013: nil).

Recoverable amount of financial and non-financial assets

In terms of provisioning against loans, the Board meets on a monthly basis and reviews all loans which have indicators of impairment. For all mortgage loans, independent valuations are commissioned to assess the value of the underlying real property associated with the registered first mortgage security on an ongoing basis.

Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cashflow. The cashflow requires critical judgements to be made on the timing of the cash inflows and outflows in addition to the actual amounts recovered. The Board uses previous sales evidence obtained from market data to assess the value of the inflows and outflows and critical judgement on the timing of such inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cashflow total, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board a provision is made against the loan

Similarly, for non-current assets held for sale, investment and inventory properties, periodic independent valuations from licensed valuers are commissioned in assessing recoverable amount and net realisable values.

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

The recoverable amount for loans and investment property and net realisable value for inventory properties are estimates sensitive to several key assumptions in any independent valuation including estimated future sales rates made based on current and future sales in relevant markets and estimated project development potential. Changes in these assumptions could cause the carrying amounts to exceed the recoverable amounts from time to time.

The Board believe that the chosen valuation techniques and assumptions used are appropriate in determining the recoverability of impaired assets.

Trail Commission

When valuing the trail book, the Board estimates that the average life of a loan is 8 years. The estimate of 8 years is based on the historic repayment of loans in the existing trail book.

The Board believe that 8 years is an appropriate estimate of average life of an Angas Financial Services loan.

5. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports and components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess its performance.

Information reported to the Board of Directors of the Company for the purposes of assessing the performance of the consolidated entity specifically focuses on the consolidated entity's core financial products. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- Commercial Lending
- Structured Finance
- Commercial Property Investments
- Investment Properties

The Commercial Lending reportable segment involves the supply of first mortgage lending mainly on commercial properties (including investments in mortgages via Angas Contributory Mortgage Fund) in addition to any other associated investments made via the fixed interest securities book.

The Structured Finance segment includes all financing which is funded by third parties. This includes the supply of retail mortgages funded by Finance & Systems Technology Pty Ltd and/or Pepper Home Loans and first mortgage lending via a warehouse trust facility held with Bendigo and Adelaide Bank Limited.

Commercial Property Investments include investment in projects for a short term hold, which may include holding an asset for resale, partial or full development of an asset to enhance its sale value and thus delivering an investment profit.

The final reportable segment is Investments Properties, which includes all activities relating to investments made in properties solely for investment purposes (all properties are commercial tenanted and receive monthly rental income).

Segment revenues and results

The following is an analysis of the consolidated entity's revenue and results by reportable segment.

	Segment revenue		Segment profit/(loss)	
	Consolidated		Consolidated	
	Year ended 30 June 2014 $	Year ended 30 June 2013 $	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Commercial Lending	28,617,497	40,733,508	(10,519,835)	1,978,038
Structured Finance	2,618,540	1,723,773	1,948,920	550,324
Commercial Property Investments	647,352	349,327	(363,200)	(596,354)
Investment Properties	1,680,314	1,642,266	952,241	(679,446)
	33,563,703	44,448,874	(7,981,874)	1,252,562
Profit / (loss) before tax			(7,981,874)	1,252,562
Income tax benefit / (expense)			2,558,951	(718,375)
Consolidated segment revenue and profit / (loss) for the year	33,563,703	44,448,874	(5,422,923)	534,187

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. Segment information (cont'd)

Segment assets and liabilities

Segment assets

	30 June 2014 $	30 June 2013 $
Commercial Lending	248,298,536	285,446,977
Structured Finance	2,523,576	8,721,508
Commercial Property Investments	12,385,448	12,416,031
Investment Properties	21,262,107	20,603,325
Total segment assets	284,469,667	327,187,841
Unallocated assets	3,293,514	405,050
Total assets	287,763,181	327,592,891

Segment liabilities

	30 June 2014 $	30 June 2013 $
Commercial Lending	251,601,872	279,042,522
Structured Finance	1,300,627	7,360,360
Commercial Property Investments	12,907,050	12,574,433
Investment Properties	12,118,014	12,111,473
Total segment liabilities	277,927,563	311,088,788
Unallocated liabilities	52,761	872,939
Total liabilities	277,980,324	311,961,727

For the purpose of monitoring segment performance and allocating resources between segments all assets and liabilities are allocated to reportable segments other than current and deferred tax assets and liabilities.

Other segment information

Depreciation and amortisation

	30 June 2014 $	30 June 2013 $
Commercial Lending	214,303	231,543
Structured Finance	871	967
Commercial Property Investments	-	-
Investment Properties	34,684	34,684
Total depreciation and amortisation	249,858	267,194

6. Revenue

The following is an analysis of the consolidated entity's revenue for the year.

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Interest revenue:				
Bank deposits	909,175	1,137,451	902,656	1,091,575
Other loans and receivables	23,079,331	34,365,766	22,728,591	31,459,950
	23,988,506	35,503,217	23,631,247	32,551,525
Non interest revenue:				
Loan fee income	4,920,071	6,362,697	4,902,326	5,370,938
Management Fees	1,461,646	-	1,461,646	1,332,442
Distributions from unit trusts	-	-	-	147,975
Dividends from subsidiaries	-	-	390,000	200,000
Trailing commission & retail lending income	174,063	114,480	174,063	114,480
Upfront commission – retail lending	66,634	54,661	66,634	54,661
Rental income:				
Operating lease rental income:				
Investment properties	2,501,815	2,129,784	178,794	162,621
Other – serviced office	450,968	284,035	495,764	611,659
	9,575,197	8,945,657	7,669,227	7,994,776

7. Interest expense

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Interest on fixed interest securities	19,324,722	21,324,213	19,324,722	21,324,213
Interest on Redeemable Preference Shares ("RPS") Series 1 & 3	887,955	844,289	887,955	844,289
Interest on investors in sub-scheme	-	1,668,393	-	-
Interest on hire purchase	4,472	17,589	4,472	17,589
Interest on portfolio loan	428,925	172,108	53,904	59,662
Interest on commercial bills	793,672	879,630	-	-
Interest on warehouse trust facility	123,803	428,532	-	-
Other interest expense	235	834,668	235	834,668
Total interest expense	21,563,784	26,169,422	20,271,288	23,080,421

8. Profit for the year

Profit for the year has been arrived at after charging / (crediting):

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Direct operating expenses from investment properties that generated rental income during the year (ii)	532,067	492,124	89,695	52,266
	532,067	492,124	89,695	52,266
Operating lease rental expenses (ii)	555,879	563,885	555,879	563,885
	555,879	563,885	555,879	563,885
Impairment losses on investment property				
Impairment loss on investment property	232,750	1,095,471	34,750	24,303
Reversal of impairment loss on investment property	(434,487)	-	(3,803)	-
	(201,737)	1,095,471	30,947	24,303
Impairment losses on property held for resale				
Impairment of property held for resale	106,699	120,629	106,699	28,553
	106,699	120,629	106,699	28,553
Impairment losses on financial assets:				
Reversal of impairment loss on loans carried at amortised cost (note 13)	(91,320)	-	-	-
Impairment loss on loans carried at amortised cost (note 13)	1,219,147	1,103,144	1,219,147	653,144
Impairment loss on trade receivables	1,558,378	-	1,558,378	-
Impairment loss on inventory – property (note 18)	-	197,700	-	197,700
Impairment loss on property sale receivables (note 11)	4,686,385	2,107,168	4,686,385	2,107,168
Impairment loss on investments in subsidiaries	-	-	100,024	1,249,525
Reversal of impairment loss on investments in subsidiaries (i)	-	-	(822,555)	-
	7,372,590	3,408,012	6,741,379	4,207,537
	7,277,552	4,624,112	6,879,025	4,260,393

(i) In 2014 as a result of movements in the value of investment properties held by Angas Commercial Property Trust, Angas Securities Limited wrote back previously impaired units held in Angas Commercial Property Trust.

(ii) Included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

8. Profit for the year (cont'd)

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Administration expenses:				
Employee benefit expense:				
Post employment benefits:				
Defined contribution plans	226,407	231,919	226,407	231,919
Other employee benefits	2,808,557	3,038,301	2,808,557	3,038,301
Other employee expenses	587,210	542,698	587,210	542,698
Lending expenses and disbursements	2,820,994	2,736,189	3,132,133	3,032,623
Professional fees	2,700,844	2,066,472	2,700,844	2,066,472
Computer expenses	265,516	275,175	265,516	275,175
Depreciation	249,858	267,196	215,174	232,512
Travel and entertainment	227,019	209,571	227,019	209,571
Printing and postage	169,801	178,948	169,801	178,948
Insurance	132,574	148,013	132,574	148,013
Other	810,149	445,504	462,308	346,442
	10,998,929	10,139,986	10,927,543	10,302,674

9. Income taxes

Income tax recognised in profit or loss

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Current tax				
In respect of the current year	263,268	1,045,237	-	991,545
In respect of prior years	-	1,271	-	1,271
	263,268	1,046,508	-	992,816
Deferred tax				
In respect of the current year	(2,822,219)	(328,133)	(2,714,614)	(328,133)
Total income tax expense / (benefit) recognised in the current year	(2,558,951)	718,375	(2,714,614)	664,683

The income tax expense / (benefit) for the year can be reconciled to the accounting profit as follows:

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Profit / (loss) before tax	(7,981,874)	1,252,562	(7,977,262)	1,272,802
Income tax expense / (benefit) calculated at 30%	(2,394,562)	375,768	(2,393,179)	381,840
Effect of expenses that are not deductible in determining taxable profit	2,753	427,050	(154,293)	367,286
Less franking credits claimed on dividend from subsidiary	(167,142)	(85,714)	(167,142)	(85,714)
	(2,558,951)	717,104	(2,714,614)	663,412
Adjustments recognised in the current year in relation to the current tax of prior years	-	1,271	-	1,271
Income tax expense / (benefit) recognised in profit or loss	(2,558,951)	718,375	(2,714,614)	664,683

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.

Current tax assets and liabilities

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Current tax assets				
Tax refund receivable	66,247	-	66,247	-
	66,247	-	66,247	-
Current tax liability				
Income tax payable	52,761	872,939	-	858,683
	52,761	872,939	-	858,683

9. Income taxes (cont'd)

Deferred tax balances

Deferred tax balances are presented in the statement of financial position as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Deferred tax assets	3,227,269	405,050	3,119,665	405,050
Deferred tax liabilities	-	-	-	-
	3,227,269	405,050	3,119,665	405,050

$641,056 of the deferred tax asset amount relates to current year losses. The Consolidated Entity will be in a position to utilize the deferred tax asset in future financial periods when the Consolidated Entity returns to a profitable position. The Consolidated Entity has prepared budgets which support that the Consolidated Entity will return to a profitable position in FY 2015.

	Consolidated		
2014	Opening balance $	Recognised in profit or loss $	Closing balance $
Temporary differences			
Inventory – property	398,651	47,835	446,486
Trade and other receivables	(702,055)	1,364,639	662,584
Trade and other payables	15,612	81,055	96,667
Provisions	84,459	16,721	101,180
Loans	608,383	670,913	1,279,296
Unused tax losses and credits			
Tax losses	-	641,056	641,056
	405,050	2,822,219	3,227,269

	Consolidated		
2013	Opening balance $	Recognised in profit or loss $	Closing balance $
Temporary differences			
Inventory – property	328,884	69,767	398,651
Trade and other receivables	(1,172,322)	470,267	(702,055)
Trade and other payables	16,400	(788)	15,612
Provisions	70,067	14,392	84,459
Loans	833,888	(225,505)	608,383
	76,917	328,133	405,050

	Company		
2014	Opening balance $	Recognised in profit or loss $	Closing balance $
Temporary differences			
Inventory – property	398,651	47,835	446,486
Trade and other receivables	(702,055)	1,364,639	662,584
Trade and other payables	15,612	81,055	96,667
Provisions	84,459	16,721	101,180
Loans	608,383	563,309	1,171,692
Unused tax losses and credits			
Tax losses	-	641,056	641,056
	405,050	2,714,615	3,119,665

	Company		
2013	Opening balance $	Recognised in profit or loss $	Closing balance $
Temporary differences			
Inventory – property	328,884	69,767	398,651
Trade and other receivables	(1,172,322)	470,267	(702,055)
Trade and other payables	16,400	(788)	15,612
Provisions	70,067	14,392	84,459
Loans	833,888	(225,505)	608,383
	76,917	328,133	405,050

10. Earnings per share

The company is not required to disclose earnings per share as it is not:

(a) a reporting entity whose ordinary shares or potential ordinary shares are publicly traded; or

(b) a reporting entity that is in the process of issuing ordinary shares or potential ordinary shares in public markets.

11. Trade and other receivables

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Trade receivables – Interest (i)	12,164,610	13,221,806	12,059,815	13,103,775
Trade receivables – Fees (i)	4,463,505	3,146,369	4,398,782	3,036,722
Trade receivables - allowance for doubtful debts	(1,558,378)	-	(1,558,378)	-
Trailing commission receivable	510,755	531,529	510,755	531,529
Property sale receivables	9,013,078	9,013,078	9,013,078	9,013,078
Property sale receivables – allowance for doubtful debts	(7,723,730)	(3,095,499)	(7,723,730)	(3,095,499)
Other receivables	423,941	407,646	366,130	623,810
	17,293,781	23,224,929	17,066,452	23,213,415

(i) The average credit term on trade receivables is 7 days. No interest is charged on the trade receivables for the first 7 days. Interest is charged on low rate interest only on the 8th day of the month at a rate outlined in the individual loan agreement.

<u>Ageing of past due but not impaired</u>

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
0 – 1 year	82,306	6,150,334	82,306	6,150,334
1 – 2 years	5,595,962	5,021,498	5,595,962	4,978,510
2 – 5 years	5,616,922	1,665,920	5,606,288	1,665,920
5+ years	-	-	-	-
	11,295,190	12,837,752	11,284,556	12,794,764

<u>Ageing of past due impaired</u>

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
0 – 1 year	-	895,299	-	895,299
1 – 2 years	-	75,971	-	-
2 – 5 years	1,383,509	5,717,579	1,289,348	5,917,579
5+ years	-	-	-	-
	94,161	6,688,849	-	6,812,878

11. Trade and other receivables (cont'd)

Movement in the allowance for doubtful debts

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance at the beginning of the year	(3,095,499)	(650,681)	(3,095,499)	(650,681)
Impairment losses recognised on property sale receivables	(4,628,231)	(3,095,499)	(4,628,231)	(3,095,499)
Impairment losses recognised on loan receivables	(1,558,378)	-	(1,558,378)	-
Impairment losses on loan receivables realised	-	650,681	-	650,681
Balance at the end of the year	(9,282,108)	(3,095,499)	(9,282,108)	(3,095,499)

In determining the recoverability of a trade receivable, the consolidated entity reviews the current security held on the loan against the loans' combined principal and arrears, any shortfall is provided for 100%.

12. Other financial assets

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Investments carried at cost:				
Investments in subsidiaries (note 32)	-	-	11,652,471	11,101,648
Loans and receivables carried at amortised cost:				
Term deposit – BankSA (i) (ii)	218,000	218,000	118,000	118,000
Loan to Angas Investment Finance Pty Ltd (iii)	-	-	287,000	1,000,000
Loan to Mannum Unit Trust (iv)	-	-	2,500,000	2,500,000
	218,000	218,000	14,557,471	14,719,648

(i) Angas Securities Limited was required to deposit $118,000 with BankSA as security in relation to the $1,775,000 (2013: $1,775,000) Commercial Bill facility assumed on the acquisition of Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust in 2012. The deposit is subject to a Deed of Deposit and Set-off.
(ii) Angas Commercial Property Trust ("ACPT") was required to deposit $100,000 (2013: $100,000) as security in relation to the $12,048,000 Commercial Bill Facility with BankSA. The deposit is subject to a Deed of Deposit and Set-off.
(iii) This loan was made to Angas Investment Finance Pty Ltd (formerly Advance Investments Finance No 2 Pty Ltd) to fulfil the subordinated debt requirements of the Bendigo and Adelaide Bank Limited warehouse facility. $713,000 of the loan was repaid in FY 2014.
(iv) Angas Securities Limited lent Mannum Unit Trust $2,500,000 with interest payable monthly.

13. Loans

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Mortgage loans	207,471,800	243,189,075	206,018,468	219,515,342
Interest received in advance	(2,707,627)	(2,868,852)	(2,707,627)	(2,697,554)
Fees received in advance	(354,799)	(235,974)	(354,799)	(235,974)
Allowances for doubtful debts	(2,852,418)	(1,842,591)	(2,493,738)	(1,392,591)
	201,556,956	238,241,658	200,462,304	215,189,223
Maturity analysis				
Not longer than 3 months	120,997,310	161,433,567	119,902,658	151,081,330
Longer than 3 months and not longer than 12 months	80,559,646	65,062,173	80,559,646	52,361,975
Longer than one year not longer than 5 years	-	11,745,918	-	11,745,918
	201,556,956	238,241,658	200,462,304	215,189,223
Loan by security				
Secured by chattel mortgage	1,133,425	1,000,000	1,133,425	1,000,000
Secured by first mortgage	199,251,180	236,025,595	198,334,861	213,211,493
Secured by second mortgage (i)	1,172,351	1,216,063	994,018	977,730
Secured by collateral security	-	-	-	-
	201,556,956	238,241,658	200,462,304	215,189,223
Loan by security				
Chattel	1,133,425	1,000,000	1,133,425	1,000,000
Commercial property	57,915,207	76,263,209	57,975,208	72,143,209
Rural property	1,833,032	2,504,773	1,833,032	2,504,773
Residential property	140,675,292	148,630,475	139,520,639	130,921,014
Industrial property	-	9,843,201	-	8,620,227
	201,556,956	238,241,658	200,462,304	215,189,223

(i) All loans secured by second mortgages are funded from equity not fixed interest securities funds.

Movement in the allowance for doubtful debts

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Balance at the beginning of the year	1,842,591	1,485,267	1,392,591	1,485,267
Impairment losses recognised on loans	1,219,147	1,103,144	1,219,147	653,144
Reversal of impairment losses recognized on loans	(91,320)	-	-	-
Bad debt write off	(118,000)	(745,820)	(118,000)	(745,820)
Balance at the end of the year	2,852,418	1,842,591	2,493,738	1,392,591

Loan recoverability

The primary security for any real property loan provided by the company must be a first registered mortgage over freehold and leasehold property. Additional security is often sought as collateral. The company's Loan to Valuation Ratio (LVR) for new loan origination is maintained at a maximum of 70%. In terms of loan recovery and provisioning against loans, the Board meets on a monthly basis and reviews all loans which have indicators of impairment. Where there is objective evidence of impairment, the Board assess the recoverability of a loan by preparing a discounted cashflow. The cashflow requires critical judgements to be made on the timing of the cash inflows and outflows in addition to the actual amounts recovered. The Board uses previous sales evidence obtained from market data to assess the value of the inflows and outflows and critical judgement on the timing of such inflows and outflows in determining the recoverability of the loan. If the principal and unpaid interest and fees falls short of the discounted cashflow total, then a provision equal to the shortfall is adopted by the Board. Once the recommendation is approved by the Board a provision is made against the loan.

13. Loans (cont'd)

Top Eight loans to related borrowers as at 30 June 2014

TOTAL LOANS	NO. OF LOANS	COMMENTARY
$ 24,509,237	7	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
$ 24,005,572	3	Primary asset is a prestigious rural/residential property close to Sydney and additional collateral security over harbour side apartments in Sydney
$ 23,678,787	9	Major WA based land developer with well located residential commercial assets across WA (predominantly residential subdivision)
$ 18,805,591	6	Security comprises several retirement villages in Adelaide
$ 17,487,156	5	Perth based property developer with security comprising prime commercial, residential and retail sites across WA
$ 14,097,752	3	Completed apartment complex on the outskirts of Adelaide CBD
$ 13,680,000	2	Adelaide based property developer and retailers with prime security comprising residential subdivision land and commercial/light industrial land holdings. Significant collateral security is also held
$ 11,630,000	2	Security comprises a luxury residential/equine property on the northern beach outskirts of Sydney
$ 147,894,095		

Top Ten loans to related borrowers as at 30 June 2013

TOTAL LOANS	NO. OF LOANS	COMMENTARY
$ 26,938,140	16	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
$ 26,666,775	3	Primary asset is a prestigious rural/residential property, along with collateral security over harbour side apartments in Sydney
$ 18,074,586	6	Security comprises several retirement villages in Adelaide
$ 13,900,398	2	Funding provided for development of several retail/commercial sites in Adelaide suburbs with a lease in place to a large retail company
$ 12,835,804	4	Perth based property developer with security comprising prime commercial, residential and retail sites across WA
$ 11,630,000	2	Security comprises a luxury residential/equine property on the northern outskirts of Sydney
$ 11,078,146	2	Completed apartment complex on the outskirts of Adelaide CBD
$ 10,204,357	4	Major WA based land developer with well located residential and commercial assets across WA (predominantly residential subdivision)
$ 9,868,844	2	Prime beachfront residential/commercial and retail development in Perth
$ 4,420,000	2	Security comprises several residential townhouses and apartment developments in greater western Sydney
$ 145,617,050		

13. Loans (cont'd)

Top Ten largest loans as at 30 June 2014

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
D	$ 9,905,000	Commercial	QLD	$ 15,000,000	27/09/2011	$3,116,975
I	$ 6,641,238	Residential	SA	$ 8,020,000	30/08/2013	-
J	$ 6,040,000	Residential	SA	$ 8,780,000	20/12/2012	$1,606,291
Total: Not in Order	**$ 22,586,238**					
A	$22,375,572	Residential	NSW	$55,034,095	17/06/2014	-
B	$10,000,000	Residential	NSW	$17,500,000	23/12/2013	$ 583,333
C	$10,000,000	Residential	WA	$19,165,000	01/03/2014	-
E	$ 9,250,000	Residential	WA	$36,300,000	23/10/2013	-
F	$ 8,976,265	Residential	WA	$13,410,004	22/02/2013	$ 109,813
G	$ 7,875,000	Residential	WA	$11,250,000	29/04/2014	-
H	$ 7,830,000	Commercial	SA	$21,827,150	22/05/2013	-
Total	**$76,306,837**					

Top Ten largest loans as at 30 June 2013

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
B**	$ 13,205,000	Commercial	QLD	$ 15,000,000	27/09/2011	$4,771,542
H	$ 7,226,337	Residential	SA	$ 8,950,000	20/09/2012	-
I	$ 6,474,644	Residential	QLD	$ 8,430,489	1/09/2012	-
J***	$ 5,900,037	Commercial	SA	$ 10,463,000	15/07/2013	$ 363,459
Total: Not in Order	**$ 32,806,018**					
A***	$ 25,036,775	Residential	NSW	$ 64,665,374	24/06/2013	-
C***	$ 11,600,000	Commercial	VIC	$ 30,322,240	26/09/2012	-
D	$ 10,000,000	Residential	NSW	$ 17,750,000	28/11/2012	-
E	$ 8,939,928	Commercial	SA	$ 12,330,000	22/05/2013	-
F***	$ 8,096,408	Residential	WA	$ 14,104,010	22/02/2013	-
G	$ 7,117,740	Residential	WA	$ 19,165,000	13/05/2013	-
Total	**$70,790,851**					

*Shows only Prime security. For some loans, collateral securities are also held

**Prime Security only. A collateral security is under contract of sale which should return an additional $6,000,000 on settlement.

***Total loan face value excluding co-investment principal from joint lenders on a pari passu basis which have met derecognition criteria per AASB139.

13. Loans (cont'd)

Fernhill

As at 30 June 2014, Angas has a mortgage loan principal receivable of $24.5 million secured by first mortgage over an investment property called 'Fernhill' comprising some 702 hectares of land on the western outskirts of Sydney. Since acquiring the Fernhill loan in March 2012, the company initially sold a majority interest. This met derecognition criteria under AASB139.

The facility was restructured in September 2014 in two stages. On 3 September 2014 the loan receivable was reduced down to $20.5m as a result of a call option associated with the transaction being exercised whereby Fernhill Central was sold to a third party. A new deed of variation to the facility was executed on 11 September 2014 to fund the development of the Eastern precinct and the Western precincts of Fernhill in accordance with a Development Application lodged by Angas with Penrith City Council. The funds invested in the Fernhill Loan pursuant to the deed of variation totaled $25.5m including prepaid interest on the facility. An Investment of debenture funds was also made comprising a loan to the purchaser of the Central Precinct secured by a registered first mortgage. This loan was made in September 2014 for $0.45m.

There are no longer any funds contributed by unrelated entities in the Fernhill Loan following this restructure.

14. Expired loans

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Expired loans – Fixed interest securities funded	49,857,016	60,355,642	49,857,016	60,355,642
Expired loans – Non-fixed interest securities funded	1,850,338	3,485,130	934,018	977,730
Total	51,707,354	63,840,772	50,791,034	61,333,372

Expired loans refer to loans which are past the expiry date, included in Mortgage Loans in Note 13.

Ageing of expired loan but not impaired – Fixed interest securities funded

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
0 - 1 year	2,093,000	26,144,230	2,093,000	26,144,230
1 - 2 years	22,843,138	20,911,338	22,843,138	20,911,338
2 – 5 years	17,546,238	1,000,000	17,546,238	1,000,000
5+ years	-	-	-	-
Total	42,482,376	48,055,568	42,482,376	48,055,568

The above ageing analysis includes the principal outstanding for all fixed interest securities funded expired loans. Security is in the form of registered first mortgages on land and buildings, chattels and collateral security.

Ageing of expired loan but not impaired – Non-fixed interest securities funded

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
0 - 1 year	-	811,130	-	203,730
1 - 2 years	-	2,264,000	-	764,000
2 – 5 years	1,359,018	10,000	934,018	10,000
5+ years	-	-	-	-
Total	1,359,018	3,085,130	934,018	977,730

The above ageing analysis includes the principal outstanding for all non-fixed interest securities expired loans.

Ageing of impaired expired loans – Fixed interest securities funded

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
0 - 1 year	-	7,782,037	-	7,782,037
1 - 2 years	5,105,000	3,851,808	5,105,000	3,851,808
2 – 5 years	2,269,640	666,229	2,269,640	666,229
5+ years	-	-	-	-
Total	7,374,640	12,300,074	7,374,640	12,300,074

The above ageing analysis includes the principal outstanding less provisions for all impaired expired loans. Security is held in the form of a first registered mortgage over land.

Ageing of impaired expired loans – Non-fixed interest securities funded

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
1 - 2 years	-	400,000	-	-
2 – 5 years	491,320	-	-	-
Total	491,320	400,000	-	-

The above ageing analysis includes the principal outstanding less provisions for all impaired expired loans.

15. Property, plant and equipment

Consolidated	Plant and equipment at cost $	Equipment under finance lease at cost $	Total $
Gross carrying amount			
Balance at 1 July 2012	514,466	479,963	994,429
Additions	15,303	-	15,303
Disposals – sale and leaseback	(1,488)	-	(1,488)
Disposals	(16,280)	(158,908)	(175,188)
Balance at 1 July 2013	512,001	321,055	833,056
Additions	9,408	-	9,408
Disposals – sale and leaseback	36,399	(135,031)	(98,632)
Disposals	(730)	-	(730)
Balance at 30 June 2014	557,078	186,024	743,102
Accumulated depreciation			
Balance at 1 July 2012	(235,818)	(223,308)	(459,126)
Depreciation expense	(90,392)	(95,152)	(185,544)
Disposals	13,155	158,908	172,063
Balance at 1 July 2013	(313,055)	(159,552)	(472,607)
Depreciation expense	(89,749)	(81,528)	(171,277)
Disposals	730	101,447	102,177
Balance at 30 June 2014	(402,074)	(139,633)	(541,707)
Net book value			
As at 30 June 2013	198,946	161,503	360,449
As at 30 June 2014	155,004	46,391	201,395

Company	Plant and equipment at cost $	Equipment under finance lease at cost $	Total $
Gross carrying amount			
Balance at 1 July 2012	514,466	479,963	994,429
Additions	15,303	-	15,303
Disposals – sale and leaseback	(1,488)	-	(1,488)
Disposals	(16,280)	(158,908)	(175,188)
Balance at 1 July 2013	512,001	321,055	833,056
Additions	9,408	-	9,408
Disposals – sale and leaseback	36,399	(135,031)	(98,632)
Disposals	(730)	-	(730)
Balance at 30 June 2014	557,078	186,024	743,102
Accumulated depreciation			
Balance at 1 July 2012	(235,818)	(223,308)	(459,126)
Depreciation expense	(90,392)	(95,152)	(185,544)
Disposals	13,155	158,908	172,063
Balance at 1 July 2013	(313,055)	(159,552)	(472,607)
Depreciation expense	(89,749)	(81,528)	(171,277)
Disposals	730	101,447	102,177
Balance at 30 June 2014	(402,074)	(139,633)	(541,707)
Net book value			
As at 30 June 2013	198,946	161,503	360,449
As at 30 June 2014	155,004	46,391	201,395

There was no depreciation during the period that was capitalised as part of the cost of other assets.

16. Investment property

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
At cost				
Balance at beginning of year	32,849,998	27,326,869	4,868,607	2,845,558
Acquisitions	-	1,307,646	-	-
Impairment losses (note 8)	(232,750)	(1,095,471)	(34,750)	(24,303)
Reversal of impairment losses (note 8)	434,487	-	3,802	-
Building & development costs	-	3,364,384	-	66,098
Transfer from property held for resale (note 17)	891,000	1,981,254	-	1,981,254
Depreciation	(34,685)	(34,684)	-	-
Balance at end of year	33,908,050	32,849,998	4,837,659	4,868,607

The carrying value of the investment properties are determined by using the cost model.

Consolidated

2014

Property location	Book Value	Fair Value	Valuation Date
53A Junction Rd Wahroonga NSW	$1,439,304	$1,550,000	13/05/2014
55 Junction Rd Wahroonga NSW	$1,435,500	$1,450,000	26/02/2013
55A Junction Rd Wahroonga NSW	$1,443,105	$1,525,000	05/05/2014
26 Murdoch Circuit, Acacia Ridge QLD	$ 891,000	$ 900,000	30/06/2014
32 Murdoch Circuit Acacia Ridge QLD	$5,791,501	$5,850,000	30/06/2014
23 Breene Place Morningside QLD	$8,563,500	$8,650,000	30/06/2014
107 Reichart Rd Winnellie NT	$4,207,500	$4,250,000	30/06/2014
Lot 71 Coral Cove QLD	$1,039,500	$1,050,000	30/06/2014
Villa 41, 177 Pimpala Rd Woodcroft SA	$ 297,000	$ 300,000	28/07/2014
Apt 307, 177 Pimpala Rd Woodcroft SA	$ 222,750	$ 225,000	28/07/2014
Mannum Green Shopping Centre SA	$8,577,390	$9,550,000	17/10/2013
TOTAL	**$33,908,050**	**$35,300,000**	

Consolidated

2013

Property location	Book Value	Fair Value	Valuation Date
53A Junction Rd Wahroonga NSW	$1,439,304	$1,500,000	26/02/2013
55 Junction Rd Wahroonga NSW	$1,435,500	$1,450,000	26/02/2013
55A Junction Rd Wahroonga NSW	$1,439,303	$1,475,000	26/02/2013
32 Murdoch Circuit Acacia Ridge QLD	$5,791,501	$5,850,000	30/06/2013
23 Breene Place Morningside QLD	$8,316,000	$8,400,000	30/06/2013
107 Reichart Rd Winnellie NT	$4,059,000	$4,100,000	30/06/2013
Lot 71 Coral Cove QLD	$1,237,500	$1,250,000	21/01/2013
Villa 41, 177 Pimpala Rd Woodcroft SA	$ 307,000	$ 325,000	20/12/2012
Apt 307, 177 Pimpala Rd Woodcroft SA	$ 247,500	$ 250,000	20/12/2012
Mannum Green Shopping Centre SA	$8,577,390	$9,150,000	23/08/2013
TOTAL	**$32,849,998**	**$33,750,000**	

16. Investment property (cont'd)

Company

2014

Property location	Book Value	Fair Value	Valuation Date
53A Junction Rd Wahroonga NSW	$1,439,304	$1,550,000	13/05/2014
55 Junction Rd Wahroonga NSW	$1,435,500	$1,450,000	26/02/2013
55A Junction Rd Wahroonga NSW	$1,443,105	$1,525,000	05/05/2014
Villa 41, 177 Pimpala Rd Woodcroft SA	$ 297,000	$ 300,000	28/07/2014
Apt 307, 177 Pimpala Rd Woodcroft SA	$ 222,750	$ 225,000	28/07/2014
TOTAL	**$4,837,659**	**$5,050,000**	

2013

Property location	Book Value	Fair Value	Valuation Date
Villa 41, 177 Pimpala Rd Woodcroft SA	$ 307,000	$ 325,000	20/12/2012
Apt 307, 177 Pimpala Rd Woodcroft SA	$ 247,500	$ 250,000	20/12/2012
53A Junction Rd Wahroonga NSW	$1,439,304	$1,500,000	26/02/2013
55 Junction Rd Wahroonga NSW	$1,435,500	$1,450,000	26/02/2013
55A Junction Rd Wahroonga NSW	$1,439,303	$1,475,000	26/02/2013
TOTAL	**$4,868,607**	**$5,000,000**	

Fair value of the consolidated entity's investment properties

The fair value of the consolidated entity's investment properties as at 30 June 2014 and 30 June 2013 has been arrived at on the basis of valuations carried out on the respective dates (listed in the above tables) by independent valuers not related to the Group. All the valuers used are members of the Institute of Valuers of Australia, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the consolidated entity's investment properties and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 30 June 2014
Investment properties	-	$35,300,000	-	**$35,300,000**

There were no transfers between Levels 1 and 2 during the year.

17. Property held for resale

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Balance at beginning of year	5,915,251	4,320,558	1,410,751	3,420,558
Impairment losses	(106,699)	(120,629)	(106,699)	(28,553)
Transfer to investment property	(891,000)	(1,981,254)	-	(1,981,254)
Transfer from other assets (i)	-	3,696,576	-	-
Balance at end of year	4,917,552	5,915,251	1,304,052	1,410,751

(i) The land is leased from the Crown for 99 years. The lease will expire on 12 February 2106. In 2013 this property was placed on the market for sale and therefore was transferred from other assets.

Consolidation

2014

	Book Value	Fair Value	Valuation Date
53 Junction Rd Wahroonga NSW (i)	$1,304,052	$1,425,000	26/02/2013
Lot 101 Adam St Hindmarsh SA	$3,613,500	$3,650,000	04/02/2013
TOTAL	**$4,917,552**	**$5,075,000**	

(i) Property sold and settled on 16 July 2014 for $1,329,507 (exclusive of GST)

2013

	Book Value	Fair Value	Valuation Date
53 Junction Rd Wahroonga NSW	$1,410,751	$1,425,000	26/02/2013
26 Murdoch Circuit Acacia Ridge QLD	$ 891,000	$ 900,000	30/06/2013
Lot 101 Adam St Hindmarsh SA	$3,613,500	$3,650,000	04/02/2013
TOTAL	**$5,915,251**	**$5,975,000**	

Company:-

2014

Property location	Book Value	Fair Value	Valuation Date
53 Junction Rd Wahroonga NSW (i)	$1,304,052	$1,425,000	26/02/2013
TOTAL	**$1,304,052**	**$1,425,000**	

(i) Property sold and settled on 16 July 2014 for $1,329,507 (exclusive of GST)

2013

Property location	Book Value	Fair Value	Valuation Date
53 Junction Rd Wahroonga NSW	$1,410,751	$1,425,000	26/02/2013
TOTAL	**$1,410,751**	**$1,425,000**	

Fair value of the consolidated entity's property held for resale

The fair value of the consolidated entity's property held for resale as at 30 June 2014 and 30 June 2013 has been arrived at on the basis of valuations carried out on the respective dates (listed in the above tables) by independent valuers not related to the Group. All the Valuers used are members of the Institute of Valuers of Australia, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the consolidated entity's property held for resale and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 30 June 2014
Property held for resale	-	$5,075,000	-	**$5,075,000**

There were no transfers between Levels 1 and 2 during the year.

18. Inventory – property

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Balance at beginning of year	2,742,300	2,940,000	2,742,300	2,940,000
Impairment losses	-	(197,700)	-	(197,700)
Balance at end of year	2,742,300	2,742,300	2,742,300	2,742,300

19. Goodwill

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Gross carrying amount				
Balance at beginning of year	707,209	707,209	707,209	707,209
Balance at end of year	707,209	707,209	707,209	707,209
Accumulated impairment losses				
Balance at beginning of year	(115,025)	(115,025)	(115,025)	(115,025)
Impairment losses reocognised in the year	-	-	-	-
Balance at end of year	(115,025)	(115,025)	(115,025)	(115,025)
Net book value				
At the beginning of the financial year	592,184	592,184	592,184	592,184
At the end of the financial year	592,184	592,184	592,184	592,184

<u>Allocation of goodwill to cash-generating units</u>

Goodwill has been allocated for impairment testing purposes to the Structured Finance cash-generating unit.

Before recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Gross carrying amount				
Structured Finance	645,484	645,484	645,484	645,484
Commercial Property Investments	61,725	61,725	61,725	61,725
	707,209	707,209	707,209	707,209

<u>Structured Finance</u>

Angas Financial Services (formerly API Home Loans) does not trade in an active market and in turn the recoverable amount is based on value in use. The following are the assumptions used by management in measuring the recoverable amount of the cash-generating unit containing goodwill.

A cash flow was prepared over a 5 year period and a terminal value, using a post-tax discount rate of 11.55% and an implied pre-tax discount rate of 16.17%. The first year of the cash flow was based on internal budgets prepared for this business unit for the year ending 2014/15 and going forward a 3% growth rate was factored in per annum for the remaining years. The main drivers of the impairment valuation were: growth in sources of revenue through Angas Financial Services relationship with FAST and new income sources (application fees); pre-existing loans from GE are expected to reduce to zero over the projected period; and margin improvements reflecting the relatively fixed cost base of Angas Financial Services.

During the financial year, the consolidated entity assessed the recoverable amount of goodwill, and determined that goodwill associated with the acquisition of API Home Loans was not impaired (2013: nil).

<u>Commercial Property Investments</u>

The goodwill associated with the Commercial Property Investments cash-generating unit was impaired to nil in 2011.

20. Other intangible assets

	Consolidated			
	Software under lease $	Software $	Copyright, Website & Formation Exp $	Total $
Gross carrying amount				
Balance at 30 June 2012	50,681	139,601	1,158	191,440
Additions	-	18,018	-	18,018
Disposal	-	-	(1,156)	(1,156)
Balance at 30 June 2013	50,681	157,619	2	208,302
Balance at 30 June 2014	50,681	157,619	2	208,302
Accumulated amortisation and impairment				
Balance at 30 June 2012	(3,195)	(23,226)	-	(26,421)
Amortisation expense	(12,670)	(34,299)	-	(46,969)
Balance at 30 June 2013	(15,865)	(57,525)	-	(73,390)
Amortisation expense	(12,670)	(34,042)	-	(46,712)
Balance at 30 June 2014	(28,535)	(91,567)	-	(120,102)
Net book value				
As at 30 June 2013	34,816	100,094	2	134,912
As at 30 June 2014	22,146	66,052	2	88,200

	Company			
	Software under lease $	Software $	Copyright, Website & Formation Exp $	Total $
Gross carrying amount				
Balance at 30 June 2012	50,681	139,601	1,158	191,440
Additions	-	18,018	-	18,018
Disposal	-	-	(1,156)	(1,156)
Balance at 30 June 2013	50,681	157,619	2	208,302
Balance at 30 June 2014	50,681	157,619	2	208,302
Accumulated amortisation and impairment				
Balance at 30 June 2012	(3,195)	(23,226)	-	(26,421)
Amortisation expense	(12,670)	(34,299)	-	(46,969)
Balance at 30 June 2013	(15,865)	(57,525)	-	(73,390)
Amortisation expense	(12,670)	(34,042)	-	(46,712)
Balance at 30 June 2014	(28,535)	(91,567)	-	(120,102)
Net book value				
As at 30 June 2013	34,816	100,094	2	134,912
As at 30 June 2014	22,146	66,052	2	88,200

21. Other assets

	Consolidated		Company	
	2014 $	**2013** $	**2014** $	**2013** $
Prepayments	206,278	214,462	129,405	102,099
	206,278	214,462	129,405	102,099

22. Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 24 to the financial statements, all assets of the Company, except goodwill, plant & equipment under lease and deferred tax assets, have been pledged as security. The holder of the security does not have the right to sell or repledge the assets other than in an event of default.

23. Trade and other payables

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Trade payables (i)	1,210,748	1,503,786	1,100,730	1,407,848
Proceeds received from settlements payable to third parties	1,163,458	-	1,163,458	-
Goods and services tax payable	730,196	197,973	676,045	156,888
Dividends payable on fully paid preference shares (series 5)	125,342	125,342	125,342	125,342
Payables to minority investors in subsidiaries	975,000	950,000	-	-
	4,204,744	2,777,101	3,065,575	1,690,078

(i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.

24. Interest bearing liabilities

	Consolidated 2014 $	Consolidated 2013 $	Company 2014 $	Company 2013 $
Secured – at amortised cost				
Fixed interest securities (i)	243,641,911	254,230,900	243,641,911	254,230,900
Redeemable Preference Shares (ii)	8,590,027	8,708,241	8,590,027	8,708,241
BankSA Bank bills (iii)	13,822,767	13,822,887	-	-
NAB Business markets loan (iv)	5,900,000	5,886,477	-	-
Investors in sub-scheme	-	16,358,000	-	-
Bendigo & Adelaide Bank Limited – Warehouse Trust Facility	-	5,292,400	-	-
Promissory note	-	1,227,007	-	1,227,007
BankSA Portfolio loan	992,791	992,993	992,791	992,993
BankSA Hire purchase (Note 31)	53,868	161,308	53,868	161,308
	273,001,364	306,680,213	253,278,597	265,320,449
Maturity analysis				
Not longer than 3 months	52,940,479	70,981,375	51,165,479	64,045,375
Longer than 3 months and not longer than 12 months	137,865,753	152,481,070	137,865,754	135,991,550
Longer than 1 year and not longer than 5 years	82,195,132	83,217,768	64,247,364	65,283,524
Longer than 5 years	-	-	-	-
	273,001,364	306,680,213	253,278,597	265,320,449

(i) The face value of fixed interest securities $240,178,788 (2013: $250,494,809) Fixed interest securities may be issued for a period of 1 or 3 years, with interest rates fixed for the term of the fixed interest securities. Interest is payable monthly. Fixed interest securities are secured by a first ranking floating charge over the company's assets and undertakings. There is no significant concentration of borrowings to a single creditor or group of creditors having similar characteristics. The company does not issue fixed interest securities to any single investor in excess of 10% of total fixed interest securities on issue.

(ii) The face value of the Redeemable Preference Shares ("RPS") Series 1 ("RPS1"), Series 3 ("RPS3") and Series 4 ("RPS4"): $8,665,000 (2013: $8,795,000). RPS1, RPS3 and RPS4 are subordinate to fixed interest securities but will rank ahead of ordinary share capital and any external funding facility. RPS1 has one remaining reset date being 30 April 2017; RPS3 has two reset dates, the first being 30 April 2015 and the second being 30 April 2018; and RPS4 has two reset dates the first being 31 October 2015 and the second being 31 October 2018. At each reset date the Company can elect to exchange by either: converting the RPS into Ordinary Shares, repurchase the RPS, arrange for a third party to acquire the RPS; or redeem the RPS. The RPS holder can request exchange on either: the reset dates; a dividend not being paid in full for two consecutive dividend periods, certain takeover offers, or during a sale of all or substantially all of the business (some exclusions apply to this condition). RPS1 will expire on 30 April 2020; RPS3 will expire on 30 April 2021; and RPS4 will expire on 31 October 2021 in any event. On expiry or redemption investors will be paid the full face value of their RPS.

(iii) As at the balance date there were four (2013: four) bank bills in place with BankSA. The bank bill expiry dates range from within the next 12 months out to 5 years. All of the bank bills are secured against real property.

(iv) As referred to in note 39 Mannum Green became wholly owned by the Consolidated Entity on the 3rd of September 2014 and as such the terms of the loan facility with NAB were renegotiated. The renegotiated facility has a covenant around interest rate cover which is currently being met.

25. Provisions

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Employee benefits (i)	337,267	281,531	337,267	281,531
	337,267	281,531	337,267	281,531

(i) The provision for employee benefits includes $103,790 (2013: $114,536) of annual leave and $233,478 (2013: $166,995) of long service leave entitlements accrued. Over the next 12 months management estimates that 90% of the annual leave provision will be taken and 5% long service leave.

26. Other financial liabilities

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Funds received in advance (i)	330,919	1,317,141	330,919	1,317,141
Rental received in advance	53,269	32,802	-	-
	384,188	1,349,943	330,919	1,317,141

(i) These are fixed interest securities funds which have been received prior to roll over date or in circumstances of new fixed interest securities prior to the physical application form being received.

27. Issued capital

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
738,046 fully paid ordinary shares (2013: 706,171)	1,528,067	853,911	1,528,067	853,911
Nil partly paid ordinary shares (2013: 31,875)	-	599,540	-	599,540
7,500,000 redeemable preference shares (2013: 7,500,000)	7,500,000	7,500,000	7,500,000	7,500,000
	9,028,067	8,953,451	9,028,067	8,953,451

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2014		2013	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of year	706,171	853,911	703,016	787,182
Issue of shares	-	-	3,155	66,729
Transfer from partly paid ordinary shares	31,875	674,156	-	-
Balance at end of year	738,046	1,528,067	706,171	853,911

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

27. Issued capital (cont'd)

	2014		2013	
	No.	$	No.	$
Partly paid ordinary shares				
Balance at beginning of year	31,875	599,540	31,875	133,738
Installment on allotment	-	74,616	-	465,802
Transfer to fully paid ordinary shares	(31,875)	(674,156)	-	-
Balance at end of year	-	-	31,875	599,540

Partly paid ordinary shares carry one vote per share.

75% of all dividends paid to shareholders holding partly paid shares will be retained by the company and applied against any unpaid amounts owing on the partly paid shares whether or not a call has been made for unpaid capital. The remaining 25% of dividends will be paid to the owner of the partly paid shares.

	2014		2013	
	No.	$	No.	$
Redeemable preference shares				
Balance at beginning of year	7,500,000	7,500,000	5,000,000	5,000,000
Issue of shares	-	-	2,500,000	2,500,000
Balance at end of year	7,500,000	7,500,000	7,500,000	7,500,000

Redeemable Preference Shares – Series 2 ("RPS2") and Series 5 ("RPS5") carry no voting rights except in certain circumstances as outlined in the Private Placement Agreement Appendix A; signed in September 2011 (RPS2); signed in November 2012 (RPS5). RPS2 and RPS5 rank equally among themselves and among all other preference shares issued by Angas Securities Limited. Redemption is solely at the discretion of the company. They rank in priority to all ordinary shares but are unsecured and subordinated to all fixed interest securities holders and creditors to Angas Securities Limited. RPS2 and RPS5 rank in priority to ordinary shares for the payment of dividend.

Franked Dividends are only payable out of profits for RPS2 and RPS5. RPS2 matures on 31 January 2021; RPS5 matures on 30 November 2027 at which date they may be repurchased by the Company at their face value. Dividends will continue to be declared and paid under the Terms of the Issue until the exchange has been effected by the Company.

28. Retained earnings

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance at beginning of year	6,677,461	7,551,578	6,910,180	7,928,773
Profit / (loss) attributable to owners of the Company	(5,304,750)	750,595	(5,262,648)	608,119
Dividends provided for or paid (note 29)	(500,000)	(1,624,712)	(500,000)	(1,626,712)
Balance at end of financial year	872,711	6,677,461	1,147,532	6,910,180

29. Dividends on equity instruments

	2014		2013	
	Cents per share	Total $	Cents per share	Total $
Recognised amounts				
Fully paid ordinary shares				
Final dividend:				
Fully franked at a 30% tax rate	-	-	136.07	1,000,000
Fully paid preference shares (series 2)				
Interim dividend:				
Fully franked at a 30% tax rate	4.96	247,945	4.99	249,315
Final dividend:				
Fully franked at a 30% tax rate	5.04	252,055	5.04	252,055
Fully paid preference shares (series 5)				
Final dividend:				
Franked at a 25% tax rate	-	-	5.01	125,342
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend:				
Fully franked at a 30% tax rate	-	-	-	-
Fully paid preference shares (series 2)				
Interim dividend:				
Fully franked at a 30% tax rate	4.96	247,945	4.96	247,945
Fully paid preference shares (series 5)				
Final dividend:				
Fully franked at a 25% tax rate	5.01	125,342	5.01	125,342
Interim dividend:				
Fully franked at a 25% tax rate	4.99	124,658	4.99	124,658

	Company	
	2014 $	2013 $
Adjusted franking account balance	3,727,666	2,849,877
Impact on franking account balance of dividends not recognised	(189,595)	(106,262)

30. Contingent liabilities and contingent assets

Angas Securities Limited is defending and has filed a cross-claim in relation to legal proceedings brought in the District Court of New South Wales by Lloyd's Small Business Consortium No. 9056, being the underwriter for a Lloyd's Mortgage Indemnity and Impairment Insurance Policy acquired by Angas. Lloyds is yet to file a reply and defense to Angas's cross-claim and has been granted an extension to 7 October 2014. Advice from Angas's counsel is that the matter is misconceived.

It was reported previously that Angas Securities Limited was defending legal proceedings brought in the District Court of South Australia by Chris Redshaw Constructions Pty Ltd, a building contractor. In July 2014 a deed of settlement was completed. The Company is not liable for any costs or expenses..

Other than as detailed above, there are no other contingent liabilities or contingent assets.

31. Leases

Finance leases

Leasing arrangements

Finance leases relate to property, plant and equipment with a lease term of 3 years.

Finance lease liabilities

	Lease payments			
	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
No later than 1 year	53,868	107,440	53,868	107,440
Later than 1 year and not later than 5 years	-	53,868	-	53,868
	53,868	161,308	53,868	161,308

Operating leases

Leasing arrangements as Lessee

The consolidated entity leases three offices under operating leases expiring within one to four years, with option to extend for further terms. All three operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew.

Non-cancellable operating lease payments

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Not longer than 1 year	352,671	411,451	352,671	411,451
Longer than 1 year and not longer than 5 years	323,284	675,955	323,284	675,955
	675,955	1,087,406	675,955	1,087,406

Leasing arrangements as Lessor

The consolidated entity has eight operating leases for terms that range from five to fifteen years on land and building held at Mannum SA, Acacia Ridge QLD, Winnellie NT, and Morningside QLD.

Non-cancellable future minimum lease receivable

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Not longer than 1 year	2,237,035	2,406,210	-	-
Longer than 1 year and not longer than 5 years	4,956,531	6,631,576	-	-
Longer than 5 years	5,204,384	6,102,491	-	-
	12,397,950	15,140,277	-	-

32. Subsidiaries

Name of subsidiary	Principal activity	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Angas Commercial Property Trust	Property Investments	Australia	98.6	98.6
Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust	Commercial Property Investment	Australia	70.0	70.0
Angas Contributory Mortgage Fund (i)	Commercial Lending	Australia	-	100.0
Angas Investment Finance Pty Ltd (formerly Advance Investments Finance No 2 Pty Ltd)	Structured Finance	Australia	100.0	100.0
Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust (ii)	Commercial Property Investment	Australia	80.0	80.0
Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust (ii)	Commercial Property Investment	Australia	75.0	75.0

(i) Angas Securities Limited is the Responsible Entity of the two managed investment schemes Angas Contributory Mortgage Fund and Angas Prime Income Fund. As a result of a change in Angas Contributory Mortgage Fund Constitution in June 2014, Angas Securities Limited no longer controls Angas Contributory Mortgage Fund (refer to Note 38 Disposal of Subsidiary).

(ii) Angas Securities holds 80% of the units in Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust. Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust owns 75% of the units in Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust.

Composition of group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2014	Number of wholly-owned subsidiaries 2013
Property Investments	Australia	-	-
Commercial Property Investment	Australia	-	-
Commercial Lending	Australia	-	1
Structured Finance	Australia	1	1

Principal Activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries 2014	Number of non-wholly-owned subsidiaries 2013
Property Investments	Australia	1	1
Commercial Property Investment	Australia	3	3
Commercial Lending	Australia	-	-
Structured Finance	Australia	-	-

33. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Cash – Trading account (at call)	6,652,764	8,370,304	5,928,418	7,481,247
Cash – Fixed interest securities fund (at call)	3,806,011	1,073,064	3,806,011	1,073,064
Cash – NAB (at call and term deposit)	5,484,758	4,537,202	5,484,758	4,537,202
Cash – Bank of Queensland (term deposit)	6,800,000	8,500,000	6,800,000	8,500,000
Cash – Trust (Angas Contributory Mortgage Fund)	-	211,766	-	-
Cash on hand	1,436	1,362	1,436	1,362
	22,744,969	22,693,698	22,020,623	21,592,875

(b) Financing facilities

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Secured bank bill facilities:				
• amount used	13,822,767	13,822,887	-	-
• amount unused	233	113	-	-
	13,823,000	13,823,000	-	-
Portfolio Loan:				
• amount used	992,791	992,993	992,791	992,993
• amount unused	7,209	7,007	7,209	7,007
	1,000,000	1,000,000	1,000,000	1,000,000
Hire purchase facility:				
• amount used	53,868	161,308	53,868	161,308
• amount unused	-	-	-	-
	53,868	161,308	53,868	161,308
Warehouse Trust Facility:				
• amount used	-	5,292,400	-	-
• amount unused	-	-	-	-
	-	5,292,400	-	-
Business market loan:				
• amount used	5,900,000	5,886,477	-	-
• amount unused	-	13,523	-	-
	5,900,000	5,900,000	-	-

(c) Cash balances not available for use

The Fixed Interest Securities Fund account has at all times a cash balance of at least 5% of all fixed interest securities funds issued pursuant to the company's Trust Deed for First Ranking Fixed Interest Securities Stock.

The consolidated entity must hold $97,000 (2013: $124,500) in cash in the consolidated trading account for working capital relating to Angas Commercial Property Trust.

BankSA holds a set off deed over the Trading account for $240,000 which is made up of the following:

- $ 220,000 Bank guarantee – office leases
- $ 20,000 Bank guarantee - ASIC (relating to AFS Licence requirement)

33. Notes to the statement of cash flows (cont'd)

(d) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Profit / (loss) for the year	(5,422,923)	534,187	(5,262,648)	608,119
Debt issue costs recognised in profit or loss	(11,786)	17,458	(11,786)	17,458
Investment expenses recognised in profit or loss	68,169	180,278	68,169	180,278
Impairment of assets	1,423,775	2,387,126	1,423,775	2,023,408
Impairment recovered on assets	(3,803)	-	(3,803)	-
Reversal of impairment loss recognised on investments in subsidiaries	-	-	(822,555)	-
Impairment loss recognised on investments in subsidiaries	-	-	100,024	-
Depreciation and amortisation	249,858	267,196	215,174	232,512
Change in tax balances	(3,708,644)	729,174	(3,639,545)	815,214
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	4,519,239	(5,372,061)	4,735,058	(5,389,716)
Loan receivables	128,898	(3,003,108)	128,898	(2,906,649)
Inventory	-	(170,000)	-	(170,000)
Other assets	8,184	(73,390)	(27,306)	(54,174)
Increase/(decrease) in liabilities:				
Trade and other payables	1,447,348	732,069	1,384,450	791,155
Interest bearing liabilities	(272,966)	800,841	(272,966)	800,841
Provisions	55,736	47,971	55,736	47,971
Net cash used in operating activities	(1,518,915)	(2,922,259)	(1,929,325)	(3,003,583)

34. Financial instruments

(a) Capital risk management

The company manages its capital to ensure that entities in the consolidated entity will be able to continue as a going concern while maximising the return to shareholders. The consolidated entity proposes to maintain its core operating functions whilst continuing to build its asset base and turnover. Growth of the asset base is expected to be derived from the issue of fixed interest securities together with a policy of continued retention of a portion of after tax profits. The consolidated entity's overall strategy remains unchanged from the previous period.

Angas Commercial Property Trust, a subsidiary of the consolidated entity, currently holds four bank bills which are secured against two investment properties held in Queensland and one investment property held in the Northern Territory. Hindmarsh Precinct Developments Pty Ltd as trustee for The Lot 101 Development Unit Trust, also a subsidiary of the consolidated entity, currently holds one bank bill secured against one property held in South Australia. Mannum Unit Trust holds one business markets loan which is secured against a development project in South Australia. Mannum Unit Trust is a subsidiary of the consolidated entity. In 2009 the company foreclosed on a property in Wahroonga NSW and, subsequently, obtained a portfolio loan secured against this property.

(b) Categories of financial instruments

	Consolidated		Company	
	2014	2013	2014	2013
	$	$	$	$
Financial assets				
Cash and cash equivalents	22,744,969	22,693,698	22,020,623	21,592,875
Loans and receivables	222,068,737	261,684,588	232,086,227	253,122,286
Financial liabilities				
At amortised cost	277,590,296	310,807,257	256,675,091	268,327,668

(c) Financial risk management objectives

The consolidated entity's activities expose it to financial risks, market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Risk management is carried out by the Audit Risk Management and Compliance Committee ("ARMCO") and the Credit Committee (specific to lending).

ARMCO is a committee established by the Board of Directors of the consolidated entity to assist the Company in the effective discharge of its corporate governance and oversight responsibilities. The Credit Committee focuses on assessing the risk and credit worthiness of all borrowings prior to a letter of offer being issued.

Management minimises market risk by maintaining a maximum loan to value ratio across the total loan portfolio of 70% in conjunction with only lending on first mortgage loans. In addition, all real property must be valued by an independent licensed valuer appointed by the Company before any loan is made.

The Company must retain a liquidity reserve that comprises 5% of all fixed interest securities funds to be held in liquid assets.

(d) Market risk

The consolidated entity's activities expose it primarily to the financial risks of changes in interest rates (refer note 34(f)) and, to a lesser degree, foreign currency exchange rates (refer note 34(e)).

At a consolidated entity and company level, market risks are managed through sensitivity analysis and stress scenario analysis.

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

Foreign currency sensitivity analysis

The consolidated entity does not have any foreign currency exposure.

34. Financial instruments (cont'd)

(f) Interest rate risk management

The consolidated entity has interest bearing assets and liabilities. Interest rate risk on the assets is managed by investing in an Australian bank, or ADI or a subsidiary of same for a maximum of 12 months on funds which are not required in the short term. All other funds are either held in cash management accounts or 30 day rolling facilities.

Interest bearing liabilities include bank bills, fixed interest securities, a portfolio loan, and hire purchase facilities. Bank bills, the portfolio loan and the hire purchase facility are at fixed rates and are not sensitive to market movements; however the fixed interest securities are set at a variable interest rate reliant on the time of investment.

The company and the consolidated entity's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure of cash and cash equivalent with variable interest rates. 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 possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- net profit would increase/(decrease) by $10,147 (2013: increase/(decrease) by $9,957). These movements are as a result of lower/higher interest income from these financial assets.
- equity would increase/(decrease) by nil (2013: increase/(decrease) by nil).

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity's credit risks fall into the following categories:

- Cash and other deposits;
- loans; and
- trade and other receivables.

Under the Trust Deed for First Ranking Debenture Stock the consolidated entity can only deposit/invest in one or more of the following

- An Australian bank, or ADI or a subsidiary of same;
- A public authority;
- Securities, promissory notes and bills of exchange which have a ready market;
- A cash management trust; and
- A cash common fund within the meaning of the Trustee Companies ACT (SA) 1988 or equivalent legislation.

The consolidated entity minimises loan and trade and other receivables risk by only issuing loans on a first mortgage basis with a maximum loan to value ratio of 70% (50% on rural land). By maintaining a maximum loan to value ratio of 70% the risk of recoverability is greatly reduced. Other lending criteria that the Credit Committee takes into consideration before issuing a letter of offer include:

- Maintaining a spread of mortgage investments with conservative lending margins;
- Applying proven and prudent mortgage selection criteria;
- Ensuring that every security property is valued by an independent licensed valuer engaged by the company prior to any advance being approved;
- Requiring building insurance (at replacement cost) to be provided by Certificate of Currency from an approved insurer noting the company's interest as lender on each policy; and
- Weighting the portfolio to take account of geographic and investment spread.

34. Financial instruments (cont'd)

(g) Credit risk management (cont'd)

Furthermore the consolidated entity has adopted a 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 consolidated entity measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework. The consolidated entity manages liquidity risk by maintaining a minimum cash reserve of 5% of all fixed interest securities on issue as per the Trust Deed for First Ranking Debentures. The consolidated entity continuously monitors forecast and actual cashflows.

Liquidity and interest risk tables

The following tables detail the Company's and the consolidated entity's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay.

CONSOLIDATED	Average interest rate %	Less than 1 year $	1-5 years $	5 years + $
2014				
Fixed interest rates				
Trade and other payables	0%	4,204,744	-	-
Hire purchase	8.15%	55,527	-	-
Redeemable Preference Shares (RPS)	9.50%	1,704,935	9,909,576	-
Fixed interest securities	7.40%	194,405,338	63,947,738	-
		200,370,544	73,857,314	-
Variable interest rates				
Portfolio loan	5.42%	1,046,600	-	-
Business markets loan	6.35%	374,414	6,492,908	-
Bank bills	5.70%	2,468,597	13,133,387	-
		3,889,611	19,626,295	-
		204,260,155	93,483,609	-
2013				
Fixed interest rates				
Trade and other payables	0%	3,521,366	-	-
Hire purchase	8.70%	109,888	55,527	-
Bendigo & Adelaide Bank Limited – Warehouse Trust Facility	5.82%	5,292,400	-	-
Investors in sub-scheme	10.00%	16,358,000	-	-
Promissory Note	11.00%	1,227,242	-	-
Redeemable Preference Shares (RPS)	9.50%	7,353,787	2,891,432	-
Fixed interest securities	8.01%	198,462,732	72,901,047	-
		232,325,415	75,848,006	-
Variable interest rates				
Portfolio loan	5.67%	1,049,296	-	-
Business markets loan	6.41%	377,559	7,210,604	-
Bank bills	5.77%	2,494,785	13,823,915	-
		3,921,640	21,034,519	-
		236,247,055	96,882,525	-

34. Financial instruments (cont'd)

(h) Liquidity risk management (cont'd)

COMPANY	Average interest rate %	Less than 1 year $	1-5 years $	5 years + $
2014				
Fixed interest rates				
Trade and other payables	0%	3,065,575	-	-
Hire purchase	8.15%	55,527	-	-
Redeemable Preference Shares (RPS)	9.50%	1,704,935	9,909,576	-
Fixed interest securities	7.40%	194,405,338	63,947,738	-
		199,231,375	73,857,314	-
Variable interest rates				
Portfolio loan	5.42%	1,046,600	-	-
		1,046,600	-	-
		200,277,975	73,857,314	-
2013				
Fixed interest rates				
Trade and other payables	0%	2,434,344	-	-
Hire purchase	8.70%	109,888	55,527	-
Promissory note	11.00%	1,227,242	-	-
Redeemable Preference Shares (RPS)	9.50%	7,353,787	2,891,432	-
Fixed interest securities	8.01%	198,462,732	72,901,047	-
		209,587,993	75,848,006	-
Variable interest rates				
Portfolio loan	5.67%	1,049,296	-	-
		1,049,296	-	-
		210,637,289	75,848,006	-

34. Financial instruments (cont'd)

(h) Liquidity risk management (cont'd)

The following table details the Company's and the consolidated entity's financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

Consolidated

	Average interest rate %	Less than 1 year $	1-5 years $	5 years + $
2014				
Fixed interest rates				
Loans	13.55%	204,699,289	-	-
Trade and other receivables	0%	4,600,883	323,191	10,255
		209,300,172	323,191	10,255
Variable interest rates				
Cash	0.90%	6,654,201	-	-
Other cash deposits	3.43%	16,090,769	-	-
		22,744,970	-	-
		232,045,142	323,191	10,255
2013				
Fixed interest rates				
Loans	12.62%	229,170,245	12,261,866	-
Trade and other receivables	0%	22,364,848	320,142	41,482
		251,535,093	12,582,008	41,482
Variable interest rates				
Cash	0.80%	8,371,667	-	-
Other cash deposits	4.03%	14,110,266	-	-
		22,481,933	-	-
		274,017,026	12,582,008	41,482

Company

	Average interest rate %	Less than 1 year $	1-5 years $	5 years + $
2014				
Fixed interest rates				
Loans	13.55%	203,604,636	-	-
Trade and other receivables	0%	3,461,714	323,191	10,255
		207,066,350	323,191	10,255
Variable interest rates				
Cash	2.50%	5,929,855	-	-
Other cash deposits	3.43%	16,090,769	-	-
		22,020,624	-	-
		229,086,974	323,191	10,255
2013				
Fixed interest rates				
Loans	13.90%	205,934,756	12,261,866	-
Trade and other receivables	0%	22,353,331	320,142	41,482
		228,288,087	12,582,008	41,482
Variable interest rates				
Cash	2.75%	7,482,610	-	-
Other cash deposits	4.03%	14,110,265	-	-
		21,592,875	-	-
		249,880,962	12,582,008	41,482

35. Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the consolidated entity is set out below:

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Short-term employee benefits	1,035,462	1,032,203	1,035,462	1,032,203
Post-employment benefits	72,286	71,298	72,286	71,298
	1,107,748	1,103,501	1,107,748	1,103,501

36. Related party transactions

Angas Securities Limited is the parent and ultimate controlling party respectively of the consolidated entity.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the consolidated entity and other related parties are disclosed below.

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of units held in subsidiaries are disclosed in note 32 to the financial statements.

(b) Other transactions with key management personnel of the consolidated entity

Profit for the year includes the following items of revenue and expense that resulted from transactions, other than compensation, loans or equity holdings, with key management personnel or their related entities:

	Consolidated	
	2014 $	2013 $
Consolidated revenue includes the following amounts arising from transactions with key management personnel of the consolidated entity or their related parties:		
Serviced office	193,652	284,035
Trail commission	18,320	4,516
	211,972	288,551
Consolidated profit includes the following expenses arising from transactions with key management personnel of the consolidated entity or their related parties:		
Commissions	-	8,191
Consultancy fee	-	97,900
Interest expense	8,068	22,647
Legal consultancy	73,496	72,856
Management fee	109,801	148,398
	191,365	349,992
Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Receivables – Trailing commission	30,886	18,600
	30,886	18,600
Total adjustments to assets arising from transactions pertaining to loans and amounts receivable in relation to equity instruments with key management personnel or their related parties:		
Trade and other receivables	(250,000)	(250,000)
	(250,000)	(250,000)

36. Related party transactions (cont'd)

(b) Other transactions with key management personnel of the consolidated entity (cont'd)

Angas Securities Limited charges a service fee to KWS Capital No.2 Pty Ltd, of which Mr M J Hower is a director, for office space, equipment and services provided. For the 2014 financial year $184,416 (2013: $260,220) was charged to KWS Capital No.2 Pty Ltd in the form of a service fee. A smaller service fee was also charged to Mr A Luckhurst-Smith for secretarial services provided. For the 2014 financial year $7,872 (2013: $18,360) was charged to Mr A Luckhurst-Smith. In addition a service fee of $1,364 (2013: $5,455) was charged in 2014 to Angas Prime Income Fund for which Angas Securities Limited is the Responsible Entity. The service fees are based on percentage of usage which is reviewed by the Board on an annual basis.

In 2014 the retail lending business received $18,320 (2013: $4,516) in trail commission from FAST in relation to residential home loans held by Andrew Luckhurst-Smith and Paul McCarthy.

During the financial year nil (2013: $8,191) trailing commission were paid to Hower Corporation Pty Ltd, of which Mr M J Hower is a director. Trail commission is based on current market rates and is only paid when applicable.

For the financial year ending 2014 nil (2013: $97,900) consultancy fee was paid to Barri Nominees, of which Mr P S McCarthy is a director, the consultancy fee was based on standard rates for the service provided.

Interest was paid to the following directors and to parties related to them on fixed interest securities funds invested with Angas Securities Limited:

K J Lyons	$ 2,201	(2013: $2,273)
Angas Prime Income Fund	$ 5,868	(2013: $20,375)

(Angas Securities Limited is the Responsible Entity of Angas Prime Income Fund)

All fixed interest securities interest is based on current advertised rate. Any rate paid above advertised rates must be approved by two directors who are not parties to the fixed interest securities investment.

Amounts paid to Mr A Luckhurst-Smith for legal consultancy fees for the year were $73,496 (2013: $72,856). Fees were based on standard rates for each service provided and were fully recovered by the consolidated entity from borrowers.

A management fee was paid by Angas Commercial Property Trust ("Trust") to Angas Property Fund Limited (M J Hower, A Luckhurst-Smith, P S McCarthy and K J Lyons are shareholders of this company) of $109,801 (2013: $148,398). The management fee related to services provided by Angas Property Fund Limited relating to the management of investment properties held within the Trust.

Included under assets in trade and other receivables (trailing commission receivable) an amount totalling $30,886 (2013: $18,600) has been included as trailing commission receivable by the company as a result of home loans between Mr A Luckhurst-Smith and Angas Financial Services; and Mr Paul McCarthy and Angas Financial Services. The trail commission receivable rate is determined by FAST.

Entities associated with Mr K J Lyons and Mr A Luckhurst-Smith have a pari passu interest in a property sale receivable of $125,000 each. The investment met the derecognition criteria of AASB139 and accordingly the property sale receivable in Trade and other receivables (Note 11) is recorded net of this investment.

36. Related party transactions (cont'd)

(c) Subsequent mortgages behind the consolidated entity held by key management personnel

The following entities related to Directors of Angas hold subsequent mortgages behind current Angas Loans:

Entity	No. of Loans	Total Value of Loans
KWS Capital Pty Ltd	2	5,823,866
Cardiff Capital Pty Ltd	6	18,642,799
Mortgage Funds Management Pty Ltd	1	34,942,356
Barker Performance Trust 1	4	830,212
Barker Performance Trust 2	6	3,639,292
		63,878,525

Any director of Angas is required to report any actual or potential conflict of interest in the first instance to the Compliance Officer. The Compliance Officer records all matters in the Conflict of Interest Register. The Directors must also report any actual or potential conflict at a Board meeting if the director has an interest in a particular matter under discussion. All loan documentation and draw-downs where Angas and a director are transacting with a common borrower must be signed by an independent director.

Angas does not advance loans to Related Body Corporates.

37. Remuneration of auditors

	Consolidated		Company	
	2014 $	2013 $	2014 $	2013 $
Auditor of the parent entity				
Audit or review of the financial report	484,085	285,482	484,085	285,482
(Over)/under provision of prior year audit	112,035	62,310	112,035	62,310
Professional services	155,925	-	155,925	-
Taxation services	907	18,603	907	18,603
	752,952	366,395	752,952	366,395

The auditor of Angas Securities Limited is Deloitte Touche Tohmatsu.

38. Disposal of subsidiary

As a result of a change in Angas Contributory Mortgage Fund Constitution in June 2014, Angas Securities Limited no longer controls Angas Contributory Mortgage Fund.

	2014 $	2013 $
(a) Consideration received		
Consideration received in cash and cash equivalents	-	-
	-	-

(b) Analysis of assets and liabilities over which control was lost	2014 $	2013 $
Assets		
Cash & cash equivalents	261,560	-
Loans: Sub-schemes	33,518,000	-
Liabilities		
Trade & other payables	(257,051)	-
Investors: Sub-schemes	(33,518,000)	-
Prepaid interest	(4,509)	-
	-	-

	2014 $	2013 $
(c) Net cash outflow on disposal of subsidiary		
Consideration received in cash and cash equivalents	-	-
Less: cash and cash equivalent balances disposed of	(434,263)	-
	(434,263)	-

39. Events after the reporting period

A fully franked dividend of $247,945 (imputed credit of $106,262) was declared on 25 July 2014 and paid on 31 July 2014 for Redeemable Preference Share holders in Series 2. This represents a fully franked dividend of 4.96 cents per share. Payment of this dividend will reduce franking credits available for subsequent reporting periods to equity holders by $106,262.

As at 30 June 2014, Angas had a principal loan receivable of $24.5m (2013: $27.6m) secured by a first mortgage over an investment property called 'Fernhill' comprising some 702 hectares of land on the western outskirts of Sydney. The facility was restructured in September 2014 in two stages.

On 3 September 2014 the debenture fund loan receivable was reduced down to $20.5m as a result of a call option associated with the transaction being exercised whereby Fernhill Central was sold to a third party. A new deed of variation to the facility was executed on 11 September 2014 to fund the development of the Eastern Precinct and the Western precincts of Fernhill in accordance with a Development Application lodged by Angas with Penrith City Council. The debenture funds invested in the Fernhill loan pursuant to the deed of variation totaled $25.5m including prepaid interest on the facility. An Investment of debenture funds was also made comprising a loan to the purchaser of the Central Precinct secured by a registered first mortgage. This loan was made in September 2014 for $0.45m.

On 3 September 2014 the minority unit holders in Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust and Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust sold their units to Angas Commercial Property Trust a subsidiary of Angas Securities Limited. The combined purchase price paid by Angas Commercial Property Trust for the units totaled $990,000.

Matthew Hower and Andrew Luckhurst-Smith were appointed Directors along with Edwina Starck who was appointed as Company Secretary of Mannum Investment Group Pty Ltd as trustee for Mannum Investment Unit Trust and Mannum Green Shopping Centre Pty Ltd as trustee for Mannum Unit Trust. Angas has appointed MRS Property Consultants to manage the property as well as renegotiating a lower interest rate with National Australia Bank which holds the first mortgage over the project. Angas expects that these changes will immediately enhance the return on the investment and has developed plans with its consultants to enhance the value of Stage 1 of the project noting the as yet unrealized potential of developing adjoining vacant land in common ownership as Stage 2.