ANNUAL REPORT

2013 - 2014

Investors Central Limited

ACN 143 097 385

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Chairman's Report

Dear Investor
On behalf of the board of directors of Investors Central Ltd it is my pleasure to present the Consolidated Annual Report for the end of financial year 2014 (FY 2014).

Investors Central Ltd transitioned from a proprietary limited company to an unlisted public company on the 18th of December 2012 and on the 20th of May 2013 Investors Central Ltd acquired 100% control of Fin One Pty Ltd (Finance One). The following financial report is a consolidation of Investors Central Ltd and Finance One for the full year ended 30 June 2014, and a consolidation of Investors Central Ltd for the full year ended 30 June 2013 and of Finance One from the 20th of May 2013 to 30th June 2013,

Prior to the consolidation of Investors Central Ltd and Fin One Pty Ltd, Investors Central Ltd.'s function was purely for the capital raising arm of the two separate companies and as such relied upon Finance One (the automotive lending business) to generate profits for the payment of interest to Investors of Investors Central Ltd. Under the current structure Investors Central Ltd will still be used as the capital raising arm of the business with the subsidiary Finance One being the core of the business to generate revenue for the group.

In order to get a complete understanding of Finance One's performance for the comparison of 2013 and 2014 financial years we have prepared a separate annual report for Finance One showing a full year of activity for both 2013 and 2014, below is a summary of Finance One's performance and operations.

Finance One
Continuing the growth throughout the financial year Finance One has generated a full year profit after tax of $1.274M, an increase of 78% on the previous year (2013: $714k).
This result is a product of our continued development of our customer base, both from our Finance Broker (referrer) network and our own lead generation.

2014 Financial Highlights:
. Earned income up 71% to $6.481M (2013: $3.774M)
. Net profit before tax up 78% to $1.833M (2013: $1.025M)
. Net profit after tax up 78% to $1.274M (2013: $714K)
. Total Equity up 104% to $2.490M (2013:$1.215M)
. Loan book increased by 57% to $20.54M (2013: $13.09M)

Finance Broker (Referrer) Network:
Our expansion of the referrer network continues. The network's core business has been predominantly in Queensland and we are increasing our presence in the other states. The first half of the year was focused on personally meeting new referrers and promoting the advantages of utilising our range of loan products. This has seen the average number of new loan applications received each month grow to 357 per month, which is an increase of 37% (2013: 261 per month).

Finance One is continuing the expansion of the referrer network. Interestingly (However), as our brand grows, we are now receiving direct enquiries from the mainstream broker network, requesting accreditation to carry our loan products. We are in control of how and when we add new referrers to our network as all referrers are required to meet specific criteria to carry our range of products. Finance One currently has 320 Finance Brokers (referrers) across Australia.

Along with the increased Finance Broker (referral) network Finance One continues to develop its online lead generation capability.

Collections:
The success of Finance One's business is contingent on how effective money is repaid by customers. In line with the growth of our lending, the implementation of the Loans Management System and associated reporting is integral to this process. Focus has always been on the micro management of each customer through their opportunity to own a motor vehicle. It is pleasing to report that collections are within desirable parameters. It is prudent for Finance One to continue to maintain a robust contingency for doubtful debts. Finance One currently maintains bad debt levels at 3% to 7% of revenue, with bad debts written off for 2014 $ 211,332 (2013:$113,962).

Funding:
Due to the continued steady expansion of the motor vehicle finance business it is necessary to seek capital to sustain this growth. Our business model for raising capital is built on the personal approach to expanding our Investor base through the use of an offer document. With the launch of our new prospectus under Investors Central Ltd we will have the flexibility to provide more Investors with the opportunity to invest in our company. This new offer document enables Investors Central Ltd to raise up to $25M over a thirteen month period.

Infrastructure:
The expansion of our loan processing team including verification, approval (credit analysts) and collections has been completed. Finance One now has the infrastructure to meet the demands of growing the business.

Dividends:
No dividends have been declared to be paid to ordinary shareholders. The future growth of the company and its equity is to be built on the ability to use retained earnings into the foreseeable future to help grow the business.

Outlook:
Through the expanding referrer network we will see an increased volume in new applications. The infrastructure is in place to meet this demand and capitalise on this opportunity.
Finance One remains focused on providing sustainable credit products to the thousands of Australians unable to access traditional forms of credit.

We now have a platform through our Prospectus to raise the required capital to meet the current demands of the existing referrers.

The commitment of Directors, Management and Staff are evidenced by the company's impressive financial results. I, personally take this opportunity to thank them all for their loyalty and collective efforts while I must also thank our valued Investors for their continuing interest and support.

Jamie McGeachie
Chairman

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Investors Central Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2014.

Directors
The following persons were directors of Investors Central Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:
Jamie Edward McGeachie (appointed 13 April 2010)
Jason William Ryan (appointed 18 December 2012)
Quinnton Cowen (appointed 18 December 2012)
Stephen Paul Jones (appointed 18 December 2012)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- Public capital raising to fund the continued expansion of our automotive lending business, Fin One Pty Ltd trading as Finance One.
- Provision of motor vehicle loans by Finance One

Dividends
No dividends were paid to shareholders during the financial year.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $1,230,274 (2013: $107,813)

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year
Investors Central Limited intends to issue a new Prospectus which will be lodged with ASIC to gain approval for the company to raise up to $25 million by offering investors the opportunity to purchase Redeemable Preference Shares under the Offer contained in the Prospectus. This will enable the company to continue our steady growth and the expansion of the Finance One loan book.

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

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

Information on directors

Name	Jamie McGeachie
Title	Chairman and Managing Director
Qualifications	Cert. IV in Financial Services
Experience and expertise	Jamie has over 17 years' experience in the finance industry and is the founder and Managing Director of Finance One & Investors Central. In addition he has a close involvement in several other family business entities which are part of the McGeachie Group and under his guidance the McGeachie Group has expanded with various business lines including personal and motor finance, residential and commercial mortgages.
Special responsibilities	Managing Director

Name	Quinnton Cowen
Title	Director and Chief Financial Officer
Qualifications	Bachelor of Business, CPA
Experience and expertise	Quinn has had 12 years' experience as an accountant working in both private industry and public accounting and prior to joining the McGeachie Group acted as an external accountant and business advisor to the Group.
Special responsibilities	Finance

Name	Jason Ryan
Title	Director and Operations Manager
Qualifications	Diploma in Financial Services
Experience and expertise	With over 8 years involvement in the finance industry Jason has overseen the steady development of Finance One from its beginnings. He is directly responsibility for the company lending operations, product development, distribution and development strategy.
Special responsibilities	Lending Operations

Name	Stephen Jones
Title	Director and Compliance Manager
Qualifications	Snr. Associate Aust. & N Z. Inst. of Insurance & Finance
Experience and expertise	Stephen had over 27 years involvement in the general insurance industry in both underwriting and claims roles while in recent times he served as a Director / Company Secretary with a local public company in Townsville for over six years.
Special responsibilities	Compliance & Risk

Company secretary
Stephen Jones has held the role of Company Secretary of Investors Central Pty Ltd since his appointment on the 25th September 2013. Prior to that the role was held by Jamie McGeachie.

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

	Full Board	
	Attended	Held
Jamie McGeachie	13	13
Quinnton Cowen	13	13
Jason Ryan	11	13
Stephen Jones	12	13

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT – AUDITED

Policy for determining the nature and amount of key management personnel remuneration
Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Management. The Board assesses the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the individual. At the date of this report the Consolidated Entity has not entered into any agreements with Directors or Senior Management which include performance based components. As such there is no relationship between the Consolidated Entity's financial results, market price of its equity securities, dividends declared or paid during the financial period, or other capital returns to shareholders to the remuneration paid to Directors. No options were issued to Directors or senior executives during the financial year in respect of remuneration.

Details of Remuneration for Directors and Executive Officers
During the year there were no other Senior Executives which were employed by the Company for whom disclosure is required. Details of directors' appointment and resignation dates, and executive/non-executive status are disclosed at the beginning of this director's report. Details of the remuneration of each Director of the Company are as follows:

2014	Short-term employee benefits: Cash salary and fees	Short-term employee benefits: Cash bonus	Short-term employee benefits: Non-monetary benefits	Post-employment benefits: Super-annuation	Long-term benefits: Annual and long service leave	Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	$	$	$	$	$	$	%	%
Name								
Directors								
Managing Director - Jamie McGeachie	33,660	-	7,673	-	-	41,333	-	-
Manager - Jason Ryan	131,538	-	-	12,167	3,341	147,046	-	-
Manager - Quinnton Cowen	67,942	-	-	5,641	-	73,583	-	-
Manager - Stephen Jones	41,911	-	-	-	-	41,911	-	-
Total key management personnel compensation	275,051	-	7,673	17,808	3,341	303,873		
2013*								
Managing Director - Jamie McGeachie	3,583	-	624	-	-	4,207	-	-
Manager - Jason Ryan	13,571	-	-	1,221	245	15,037	-	-
Manager - Quinnton Cowen	5,562	-	-	501	-	6,063	-	-
Manager - Stephen Jones	4,640	-	-	-	-	4,640	-	-
Total key management personnel compensation	27,356	-	624	1,722	245	29,947		

* The 2013 remuneration is for the period 20th May 2013 to 30th June 2013, when Fin One Pty Ltd became a subsidiary.
** Key management personnel are remunerated by McGeachie Group Pty Ltd – a related entity of the company

Director's shareholding
The following table sets out the director's relevant interest in shares of the company or a related body corporate as at the date of this report. There have been no changes since the prior year.

Director	Ordinary Shares
J. McGeachie	2,527,367

Other transactions

Redeemable preference shares
Details of redeemable preference shares held directly, indirectly or beneficially by key management personnel are as follows:

Key management Personnel	$
Managing Director - Jamie McGeachie	25,000
Manager - Jason Ryan	500,000
Manager - Quinnton Cowen	70,000
Manager - Stephen Jones	25,000
Total	670,000

Redeemable preference shares held by key management personnel have been granted on the same basis as other holders. Details in relation to redeemable preference shares are detailed at Note 16.

Interest-bearing notes
Details of interest bearing notes held directly, indirectly or beneficially by key management personnel are as follows:

Key management Personnel	$
Managing Director - Jamie McGeachie	1,195,000

Interest bearing notes held by key management personnel have been granted on the same basis as other holders. Details in relation to interest bearing notes are detailed at Note 16.

End of Remuneration Report

Shares under option
There are no unissued ordinary shares of Investor's Central Limited under option at the date of this report.

Shares issued on the exercise of options
No ordinary shares of Investors Central Limited were issued during the year ended 30 June 2014 and up to the date of this report on the exercise of options granted.

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

During the financial year, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

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

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

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

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

Auditor
Jessups Accountants and Business Advisors continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Jamie McGeachie
Director

Quinnton Cowen
Director

21 August 2014
Townsville

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF INVESTORS CENTRAL LIMITED

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

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

Jessups

Rodger Dunstan

Director

Dated: 21/8/2014

1/19 Stanley Street

Townsville QLD 4810

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

		Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
	Note	$	$	$	$
Interest income	4	4,533,255	1,615,404	2,769,340	1,449,429
Interest expense	4	(2,813,218)	(1,449,095)	(2,813,218)	(1,449,095)
Net interest income		1,720,037	166,309	(43,878)	334
Fee income		1,943,517	168,783	-	-
Sundry income	5	5,725	127,443	186,055	203,602
		3,669,279	462,535	142,177	203,936
Employee benefits expense		(692,849)	(54,583)	-	-
Depreciation expense		(11,245)	(374)	-	-
Doubtful and bad debts expense		(364,348)	(44,083)	-	-
Accountancy fees		(58,082)	(15,401)	(46,850)	(9,901)
Advertising expenses		(204,573)	(15,774)	(32,558)	-
Management fees		(178,547)	(23,100)	-	-
Consultancy fees		(82,959)	(127,363)	(55,644)	(192,845)
Other expenses		(287,514)	(28,636)	(51,472)	(1,464)
Profit / (Loss) before income tax		1,789,162	153,221	(44,347)	(274)
Income tax benefit/(expense)	7(a)	(558,888)	(45,408)	(114)	82
Profit / (Loss) for the year		1,230,274	107,813	(44,461)	(192)
Other comprehensive income		-	-	-	-
Total comprehensive income		1,230,274	107,813	(44,461)	(192)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2014

	Issued Share Capital $	Retained Earnings $	Business Combination under Common Control $	Total $
Consolidated Entity				
Balance at 1 July 2012	2	1,739	-	1,741
Total comprehensive income for the year				
Profit for the year	-	107,813	-	107,813
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	107,813	-	107,813
Transactions with owners in their capacity as owners				
Acquisition of Fin One Pty Ltd	-	-	(1,420,082)	(1,420,082)
Contributions of equity, net of transaction costs (note 19)	2,527,365	-	-	2,527,365
Balance at 30 June 2013	2,527,367	109,552	(1,420,082)	1,216,837
Total comprehensive income for the year				
Profit for the year	-	1,230,274	-	1,230,274
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	1,230,274	-	1,230,274
Balance at 30 June 2014	2,527,367	1,339,826	(1,420,082)	2,447,111
Parent Entity				
Balance at 1 July 2012	2	1,739	-	1,741
Total comprehensive income for the year				
Profit for the year	-	(192)	-	(192)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(192)	-	(192)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 19)	2,527,365	-	-	2,527,365
Balance at 30 June 2013	2,527,367	1,547	-	2,528,914
Total comprehensive income for the year				
Profit for the year	-	(44,461)	-	(44,461)
Other comprehensive income		-	-	-
Total comprehensive income for the year	-	(44,461)	-	(44,461)
Balance at 30 June 2014	2,527,367	(42,914)	-	2,484,453

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2014

		Consolidated Entity		Parent Entity	
		2014	**2013**	**2014**	**2013**
	Note	**$**	**$**	**$**	**$**
ASSETS					
Cash and cash equivalents	8	5,046,867	2,465,403	345	355
Loans and advances (net)	9	20,548,636	13,093,101	22,224,145	13,542,805
Income tax assets	17	-	-	42	82
Plant and equipment	10	82,228	40,039	-	-
Intangible assets	11	112,022	54,007	-	164
Other financial assets	12	-	-	2,527,365	2,527,365
Deferred tax assets	14	646,397	545,329	-	-
Other	13	8,822	230,935	109,229	134
Total assets		26,444,972	16,428,814	24,861,126	16,070,905
LIABILITIES					
Payables	15	1,979,442	1,653,083	390,202	-
Borrowings	16	21,986,471	13,541,991	21,986,471	13,541,991
Income tax payable	17	15,497	3,793	-	-
Employee benefits	18	16,451	13,110	-	-
Total liabilities		23,997,861	15,211,977	22,376,673	13,541,991
Net assets		2,447,111	1,216,837	2,484,453	2,528,914
EQUITY					
Issued share capital	19	2,527,367	2,527,367	2,527,367	2,527,367
Reserves	20	(1,420,082)	(1,420,082)	-	-
Retained earnings		1,339,826	109,552	(42,914)	1,547
Total equity		2,447,111	1,216,837	2,484,453	2,528,914

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
for the year ended 30 June 2014

		Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		4,533,255	1,615,404	2,769,340	1,450,412
Interest paid		(2,768,764)	(1,449,095)	(2,768,764)	(1,450,078)
Fees and other income received		2,116,555	342,988	186,055	203,602
Payments to suppliers and employees		(1,335,763)	(255,569)	(186,226)	(204,181)
		2,545,283	253,728	405	(245)
(Increase)/decrease in operating assets:					
Net (increase)/decrease in customer loans advanced		(7,819,884)	(995,175)	-	-
Net cash from operating activities before income tax		(5,274,601)	(741,447)	405	(245)
Income tax paid		(648,252)	(66,008)	(74)	730
Net cash from operating activities	22	(5,922,853)	(807,455)	331	485
CASH FLOWS FROM INVESTING ACTIVITIES					
Net (increase) in receivables due from related parties		-	(7,081,599)	(8,681,340)	(8,407,099)
Loan from related party		-	-	64,929	-
Cash acquired on business combination under common control		-	2,071,094	-	-
Acquisition of plant and equipment		(53,434)	(6,442)	-	-
Acquisition of intangible assets		(58,319)	(14,269)	-	-
Net cash (used in) investing activities		(111,753)	(5,031,216)	(8,616,411)	(8,407,099)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of preference shares		11,536,999	8,405,689	11,536,999	8,405,689
Repayment of borrowings		(2,856,000)	-	(2,856,000)	-
Payment for transaction costs related to share issue		(64,929)	(102,895)	(64,929)	-
Net cash from financing activities		8,616,070	8,302,794	8,616,070	8,405,689
Net increase in cash and cash equivalents		2,581,464	2,464,123	(10)	(925)
Cash and cash equivalents at 1 July		2,465,403	1,280	355	1,280
Cash and cash equivalents at 30 June	8	5,046,867	2,465,403	345	355

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
for the year ended 30 June 2014

1 REPORTING ENTITY

The financial statements cover Investors Central Limited as an individual entity and Investors Central Limited and controlled entities as a Consolidated Entity. Investors Central Limited is an unlisted public company limited by shares and is incorporated and domiciled in Australia. Prior to 18 December 2012 Investors Central Limited was Investors Central Pty Ltd, an Australian proprietary company limited by shares.

The financial report was authorised for issue by the Directors on 21 August 2014.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report of the consolidated entity also complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of measurement

The financial report has been prepared on the basis of historical costs.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the company's functional currency.

(d) Parent entity information

These financial statements include the results of both the parent entity and the consolidated entity in accordance with Class Order 10/654, issued by the Australian Securities and Investments Commission.

(e) New, revised or amending Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations that are mandatory for the current reporting period are:
AASB 10 Consolidated Financial Statements
AASB 11 Joint Arrangements
AASB 12 Disclosure of Interests in Other Entities
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(f) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

2 BASIS OF PREPARATION (CONTINUED)

AASB 9 Financial Instruments and its consequential amendments
AASB 9 aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard is being issued in phases. To date, parts dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, as well as hedging, have been issued. These parts are effective for annual periods beginning 1 January 2018. Further parts dealing with impairment and amendments to the classification requirements are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements. However, they do not expect to implement the amendments until all parts of AASB 9 have been released and they can comprehensively assess the impact of all changes.

IFRS 15 Revenue from Contracts with Customers
An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. This standard is effective for annual periods beginning on or after 1 January 2017.

Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

(g) Use of estimates and judgements
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Impairment losses on loans and advances
All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired. Evidence of impairment may include indications that the borrower has defaulted, is experiencing significant financial difficulty, or where the debt has been restructured to reduce the burden to the borrower.

The amount provided for impairment of loans is determined by management and the Board. An impairment loss is recognised on loans which have not maintained loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as bankruptcy, job losses or economic circumstances.

The actual amount of the future cash flows and their timing may differ significantly from the assumptions made for the purposes of determining the impairment provision given the number of customers and current economic conditions. This uncertainty is exacerbated in the current economic climate, where the timing of, and value realisable from the collateral held in the form of motor vehicles is particularly uncertain. Consequently, these allowances can be subject to variation. Refer to Note 9 in respect of impairment of loans and advances.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation
The consolidated financial statements comprise the financial statements of Investors Central Limited ('company' or 'parent entity') and its subsidiaries at 30 June 2014 (“the group” or “consolidated entity”).

Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, unless the acquisition was of an entity under common control. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(b) Business combinations

Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the acquiree's financial statements. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity in the business combinations under common control' reserve.

(c) Financial assets and liabilities

Recognition

The consolidated entity initially recognises loans and advances on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

Derecognition

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Identification and measurement of impairment

At each reporting date the company assesses whether financial assets are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Financial assets

Financial assets held by the consolidated entity are described below:

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at call deposits with banks or financial institutions.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the consolidated entity does not intend to sell immediately or in the next term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method and after assessing provisions for impairment losses.

Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed as described in Note 2.

Bad debts are written off when identified. Write-offs for bad debts are recognised as expenses through profit or loss.

Financial liabilities
Financial liabilities comprise payables and borrowings and are described below.

(i) Payables
Liabilities are recognised for amounts to be paid in the future for goods or services. Trade accounts payable are stated at cost, are non-interest bearing and are normally settled within 30 days.

(ii) Borrowings
Borrowings are initially recognised at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

(d) Fair values
Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

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. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(e) Plant and equipment
Recognition and measurement
Items of plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent costs
The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives range from 3 to 20 years.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Intangible assets
Software
Costs associated with the development of software for internal use are capitalised if the software is technically feasible and the consolidated entity has both the intent and sufficient resources to complete the development. Costs are only capitalised if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

Only costs that are directly attributable to bring the asset into working condition for its intended use are capitalised. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management. Other development expenditure is recognised in profit or loss as an expense is incurred.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation
Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives range from 4 to 5 years.

(g) Impairment of non-financial assets
The carrying amounts of the consolidated entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits
Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits
Liabilities for wages, salaries, annual leave, sick leave, bonuses and the value of fringe benefits received (including non-monetary benefits) that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in Payables in respect of employee services provided to the end of the reporting period and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term employee benefits
Liabilities for long service leave and annual leave are not expected to be wholly settled within twelve months of the end of the reporting period. They are recognised as provisions for employee benefits and are measured at the present value of the expected future payments to be made in respect of services provided to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wage increases, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Superannuation
Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(i) Revenue

Interest income
Interest revenue is recognised as it accrues using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset and allocates the interest income over the expected life of the financial asset so as to achieve a constant yield on the financial asset. Expected life is determined on the basis of the historical behaviour of the loan portfolio, taking into account contractual obligations and prepayment experience. This is assessed on a regular basis.

Fee income
Upfront fee income in relation to loan origination that are integral to the effective interest rate of a financial asset are recognised using the effective interest rate method. This involves recognising the loan origination fees, net of direct loan origination costs, over the life of the loan as an adjustment of yield.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

(j) Interest expense
Interest expense is recognised in profit or loss as it accrues, using the effective interest method.

(k) Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised on the initial recognition of assets or liabilities, in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Segment reporting
The consolidated entity operates in one business and geographical segment, being a used automotive lending business in Australia.

4 NET INTEREST INCOME

	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
Interest income				
Cash and cash equivalents	69,718	5,667	576	-
Loans and advances to customers	4,463,538	411,454	2,768,764	-
Finance One Pty Ltd (pre-acquisition)	-	1,197,625	-	1,449,429
Other	-	658	-	-
	4,533,256	1,615,404	2,769,340	1,449,429
Interest expense				
Note holders	(2,225,295)	(1,449,095)	(2,225,295)	(1,449,095)
Preference shares	(587,924)	-	(587,924)	-
Net interest income	1,720,037	166,309	(43,879)	334

5 OTHER INCOME

Administration fees	-	127,443	186,055	203,602
Government Subsidies	2,500	-	-	-
Bad Debts Recovered	3,225	-	-	-
	5,725	127,443	186,055	203,602

6 AUDITORS' REMUNERATION

Auditors of the company				
Audit services				
Audit of the financial report	30,032	8,801	16,931	8,801
Other regulatory audit services	-	-	-	-
	30,032	8,801	16,931	8,801

7 INCOME TAX

(a) Income tax expense

Current tax expense				
Current year	646,538	66,657	(13,304)	(82)
Underprovided prior years	13,418	-	13,190	-
Sub-total	659,956	66,657	(114)	(82)
Deferred tax expense				
Origination and reversal of temporary differences	(101,068)	(21,249)	-	-
Total income tax expense	558,888	45,408	(114)	(82)
Profit before tax	1,789,162	153,219	(44,347)	(274)
Income tax using the company tax rate of 30% (2012: 30%)	536,749	45,966	(13,304)	(82)
Increase in income tax expense due to:				
Non-deductible expenses	8,721	(558)	-	-
Underprovided prior years	13,418	-	13,190	-
Income tax expense on pre-tax net profit	558,888	45,408	(114)	(82)

		Consolidated Entity		Parent Entity	
		2014	**2013**	**2014**	**2013**
		$	**$**	**$**	**$**
7	**INCOME TAX (CONTINUED)**				
(b)	**Dividend franking amount**				
	30% franking credits available to members of the company for subsequent financial years	1,732,490	1,072,648	864	864

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities.

(b) franking credits that the company may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

		Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
8	**CASH AND CASH EQUIVALENTS**				
	Current				
	Cash on hand	512	262	2	2
	Cash at bank	4,546,355	2,465,141	343	353
	Cash on deposit	500,000	-	-	-
	Cash and cash equivalents in the statement of cash flows	5,046,867	2,465,403	345	355
9	**LOANS AND ADVANCES**				
	Current				
	Loans receivable	6,650,741	4,105,868	-	-
	Receivables – related parties	-	-	22,224,145	13,542,805
	Non-Current				
	Loans Receivable	14,553,969	9,490,290	-	-
	Gross loans and advances	21,204,710	13,596,158	22,224,145	13,542,805
	Provision for impairment	(656,074)	(503,057)	-	-
	Net loans and advances	20,548,636	13,093,101	22,224,145	13,542,805
	Contractual maturity analysis				
	Receivables – at call	-	-	22,224,145	13,542,805
	Not longer than 3 months	1,596,098	976,878	-	-
	Longer than 3 months and not longer than 1 year	5,054,643	3,128,990	-	-
	Longer than 1 year and not longer than 5 years	14,238,047	9,477,807	-	-
	Longer than 5 years	315,922	12,483	-	-
		21,204,710	13,596,158	22,224,145	13,542,805
(a)	**Impairment of loans and advances**				
	Provision for impairment				
	Balance at 1 July	503,057	-	-	-
	Acquisition through business combination under common control	-	485,770	-	-
	Increase of impairment	153,017	17,287	-	-
	Balance at 30 June	656,074	503,057	-	-

Bad Debts written off are recognised directly in profit or loss. Bad debts written off were $211,332 (2013: $26,796).

9 LOANS AND ADVANCES (CONTINUED)

(b) Past due but not impaired loans

	2014 Carrying value $	2014 Past due $	2013 Carrying value $	2013 Past due $
< 90 days	3,832,235	197,038	3,114,110	209,898
90 to 180 days	694,259	164,003	354,257	88,085
>180 days	456,067	231,148	206,022	95,652
	4,982,561	592,189	3,674,389	393,635

(c) Credit quality –security held against loans

	Consolidated Entity		Parent Entity	
	2014 $	2013 $	2014 $	2013 $
Loans				
Secured by mortgage over motor vehicle	21,204,710	13,596,158	-	-
	21,204,710	13,596,158	-	-
Value of collateral held at fair value	15,448,529	10,263,218	-	-

The value of collateral held was determined by reference to the wholesale value of motor vehicles held as collateral at date of loan origination reduced by 22.5% for each year since loan origination. From 1st of July 2013 the reduction rate of collateral held has increased to 32.5%.

The company may not have sufficient security over the borrower's assets to recover the full amount of the loan and/or interest repayments payable to it under the loan. In most cases, borrowers will provide their motor vehicle as security for their loan. If a borrower fails to make their loan repayments, the company may be forced to take possession of the motor vehicle. Normally, the company would seek to immediately sell the vehicle via wholesale second hand motor vehicle markets. Often motor vehicles are sold via wholesale second hand markets at significantly less than the price at which they are sold by car dealers. In addition, motor vehicles are depreciating assets, and therefore, the value of motor vehicles will also erode over time. Accordingly, if the company is forced to take possession of the motor vehicle and sell it on wholesale motor vehicle markets, the company may receive less for the vehicle than the amount owing under the loan.

10 PLANT AND EQUIPMENT

Non-Current				
Plant and equipment, at cost	99,694	46,260	-	-
Accumulated depreciation	(17,466)	(6,221)	-	-
	82,228	40,039	-	-

Reconciliation

Reconciliation of the carrying amount is set out below:

Balance at 1 July	40,039	-	-	-
Acquisition through business combination under common control	-	33,971	-	-
Additions	53,434	6,442	-	-
Depreciation	(11,245)	(374)	-	-
Balance at 30 June	82,228	40,039	-	-

		Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
		$	$	$	$
11	**INTANGIBLE ASSETS**				
	Non-Current				
	Formation Expenses	1,526	1,526	818	818
	Less accumulated amortisation	(1,526)	(1,222)	(818)	(654)
		-	304	-	164
	Software development	112,022	53,703	-	-
		112,022	54,007	-	164
	Reconciliation				
	Reconciliation of the carrying amount is set out below:				
	Balance at 1 July	54,007	327	164	327
	Acquisition through business combination under common control	-	39,646	-	-
	Additions	58,320	14,269	-	-
	Amortisation	(305)	(235)	(164)	(163)
	Balance at 30 June	112,022	54,007	-	164
12	**OTHER FINANCIAL ASSETS**				
	Non-Current				
	Shares in subsidiaries	-	-	2,527,365	2,527,365
	These financial assets are carried at cost.				
13	**OTHER ASSETS**				
	Current				
	Prepaid prospectus expenses	-	216,044	-	-
	Prepayments	8,822	-	-	-
	Other receivables	-	-	109,229	-
	Other	-	14,891	-	134
		8,822	230,935	109,229	134
14	**DEFERRED TAX**				
	Non-Current				
	Deferred tax asset and liabilities comprises temporary differences attributable to:				
	Amounts recognised in profit or loss:				
	Plant and equipment	(6,473)	(607)	-	-
	Super payable	4,636	3,353	-	-
	Employee benefits	19,375	9,824	-	-
	Deferred revenue	432,037	381,842	-	-
	Impairment provision	196,822	150,917	-	-
	Net tax assets/(liabilities)	646,397	545,329	-	-

		Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
		$	$	$	$
14	**DEFERRED TAX (CONTINUED)**				
	Movements:				
	Opening balance	545,329	-	-	-
	Acquisition of business combination under common control (Note 21)	-	524,080	-	-
	Credited to profit or loss (note 7)	101,068	21,249	-	-
	Credited to equity	-	-	-	-
	Closing balance	646,397	545,329	-	-
15	**PAYABLES**				
	Current				
	Accounts payable	266,626	103,287	109,229	-
	Liability for annual leave	48,131	32,955	-	-
	BAS payable	209,110	232,855	-	-
	Super payable	15,454	11,178	-	-
	Payable – Fin One Pty Ltd	-	-	280,973	-
	Deferred income	1,440,121	1,272,808	-	-
		1,979,442	1,653,083	390,202	-

Loans approved but not yet drawn have been recognised at reporting date as accounts payable.

		Consolidated Entity 2014	Consolidated Entity 2013	Parent Entity 2014	Parent Entity 2013
16	**BORROWINGS**				
	Current				
	Interest bearing notes - unsecured	1,000,000	1,852,000	1,000,000	1,852,000
	Redeemable preference shares	250,000	-	250,000	-
	Non-Current				
	Interest bearing notes - unsecured	9,685,991	11,689,991	9,685,991	11,689,991
	Redeemable preference shares	11,286,999	-	11,286,999	-
	Less costs related to share issue	(236,519)	-	(236,519)	-
		21,986,471	13,541,991	21,986,471	13,541,991
	Contractual maturity analysis- unsecured interest bearing notes				
	Not longer than 1 year	2,815,592	2,023,908	2,815,592	2,023,908
	Longer than 1 year and not longer than 2 years	10,490,407	2,334,560	10,490,407	2,334,560
	Longer than 2 years and not longer than 3 years	767,176	11,411,669	767,176	11,411,669
		14,073,535	15,770,137	14,073,535	15,770,137
	Contractual maturity analysis- redeemable preference shares				
	Not longer than 1 year	1,830,020	-	1,830,020	-
	Longer than 1 year and not longer than 2 years	2,183,243	-	2,183,243	-
	Longer than 2 years and not longer than 3 years	4,822,232	-	4,822,232	-
	Longer than 3 years and not longer than 4 years	3,343,512	-	3,343,512	-
	Longer than 4 years and not longer than 5 years	4,884,854	-	4,884,854	-
		17,063,862	-	17,063,862	-

Unsecured notes have been issued with fixed terms of 12 -36 months and interest paid between 14-18% p.a., dependent on the amount of the note.

16 BORROWINGS (CONTINUED)

Redeemable Preference Shares

Redeemable preference shares have been issued with fixed terms of 12 – 60 months and interest paid between 11 and 16% p.a. dependent on the fixed investment term and the principal investment amount.
Preference shareholders have the right to receive notice of and to attend any meeting of Shareholders but will only be entitled to vote in the following circumstances:

a) On a proposal which affects the rights attached to Preference Shares, to reduce the share capital of the Company, to wind up the Company or for the disposal of the whole of the property, business and undertaking of the Company;
b) On a resolution to approve the terms of a buy-back agreement;
c) During a period in which money owing on preference shares is in arrears; or
d) During the winding up of the Company.

	Consolidated Entity		Parent Entity	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
17 INCOME TAX PAYABLE/ (RECEIVABLE)				
Current				
Income tax payable/(receivable)	15,497	3,793	(42)	(82)

The current income tax payable/ (receivable) represents the amount of income tax payable/ (receivable) in respect of the current and prior financial years less amounts paid during those years.

18 EMPLOYEE BENEFITS				
Non-Current				
Liability for long service leave	16,451	13,110	-	-

Defined contribution superannuation funds

The company makes contributions to defined contribution superannuation funds. The amount recognised as an expense was $56,823 (For the period 20 May 2013 to 30 June 2013: $4,544).

19 ISSUED CAPITAL				
Ordinary shares – fully paid	2,527,367	2,527,367	2,527,367	2,527,367

Movements in ordinary share capital	No. of shares	Issue price	$
Balance at 1 July 2013	2,527,367		2,527,367
Issue of shares	-		-
Balance at 30 June 2014	2,527,367		2,527,367

There was no movement in fully paid ordinary shares for the year ended 30 June 2014.

Ordinary shares

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

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

19 ISSUED CAPITAL (CONTINUED)

Capital risk management

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

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, amounts payable to related parties and share issues.

The company's capital comprises equity as shown in the statement of financial position. The company is not exposed to externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2012 Annual Report.

20 RESERVES

Business Combination under common control reserve

Any difference between the cost of the acquisition (i.e. the fair value of the consideration paid), and the amounts at which the acquired assets and liabilities are recorded for business combinations under common control (refer to Note 21) have been recognised in the 'business combinations under common control' reserve.

21 BUSINESS COMBINATION UNDER COMMON CONTROL

On 20 May 2013 the group acquired 100% of the share capital of Fin One Pty Ltd.

This acquisition is a business combination under common control. It has been accounted for by the group prospectively from the date of obtaining the ownership interest. Assets and liabilities have been recognised upon consolidation at their carrying amounts in Fin One Pty Ltd's financial statements.

The difference between the cost of the acquisition (i.e. the fair value of the consideration paid), and the amounts at which the assets and liabilities have been recorded is recognised in the 'business combinations under common control' reserve.

The information in the following table summarises the consideration paid for Fin One Pty Ltd and the amount of the assets acquired and the liabilities assumed that were recognised at acquisition date.

	$
Consideration at 20 May 2013	
Shares in Investors Central Limited	2,527,365
Total Consideration	2,527,365
Recognised amounts (predecessor values)	
Cash and cash equivalents	2,071,094
Loans and advances (net)	12,142,009
Plant and equipment	33,971
Intangible assets	39,646
Deferred tax assets	524,080
Other assets	134,019
Payables	(1,603,490)
Income tax payable	(3,875)
Employee benefits	(12,865)
Amounts due to related entities	(12,217,305)
Total recognised net assets	1,107,283
Difference taken to common control reserve	1,420,082

21 BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Revenue and profit contribution
The acquired business contributed revenue of $586,562 and net profit of $108,005 to the group for the period from 20 May 2013 to 30 June 2013.
If the acquisition has occurred on 1 July 2012, consolidated revenue and consolidated profit for the year ended 30 June 2013 would have been $3,774,111 and $713,020 respectively.

Acquisition – related costs
Acquisition related costs of $72 are included in other expenses in the statement of profit or loss and other comprehensive income and in operating cash flows in the statement of cash flows.

	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	$	$	$	$
22 NOTES TO THE STATEMENT OF CASH FLOWS				
Reconciliation of cash flows from operating activities				
Profit/(loss) for the year	1,230,274	107,811	(44,461)	(192)
Adjustments for:				
Depreciation and amortisation	11,549	609	164	164
Interest expense	44,454	-	44,454	-
Income tax expense	558,888	45,408	114	(82)
Operating profit before changes in working capital and provisions	1,845,165	153,828	271	(110)
Increase/(decrease) in other payables	326,359	48,610	109,229	(984)
(Increase)/decrease in prepayments and other assets	6,069	6,963	(109,095)	849
(Increase)/decrease in loans and advances	(7,455,535)	(951,092)	-	-
Increase/(decrease) in employee benefits	3,341	245	-	-
	(5,274,601)	(741,446)	405	(245)
Income taxes paid	(648,252)	(66,009)	(74)	730
Net cash from operating activities	(5,922,853)	(807,455)	331	485

23 RELATED PARTIES

Parent Entity
On the 20th May 2013, Investors Central Limited became the parent entity of Fin One Pty Ltd, by purchasing a 100% of the shares from the previous shareholder.

Key management personnel compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2014	2013	2014	2013
	$	$	$	$
Short-term employee benefits	282,724	27,980	-	-
Long-term employee benefits	3,341	245	-	-
Post-employment benefits	17,808	1,722	-	-
	303,873	29,947	-	-

Transactions with related parties
The following transactions occurred with related parties:

Interest received from Fin One Pty Ltd	-	-	2,768,764	1,449,429
McGeachie Group Pty Ltd, a company associated with a director of the company, provided administration, accounting, rent and business operation support services	131,713	-	-	-

23 RELATED PARTIES (CONTINUED)

In addition, the following transactions have occurred with related parties at no cost:

Jamaur Enterprises Pty Ltd, a company associated with a director of the company, provided administration, accounting and other support services.	-	64,173

Loans to/from related parties

Loan to Fin One Pty Ltd	22,224,145	13,542,805
Loan from Fin One Pty Ltd	280,973	-

24 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk.

Risk management is carried out by senior finance management ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the company. Finance reports to the Board on a monthly basis.

(b) Market risk

Market risk is the risk that changes in interest rates or other prices and volatilities will have an adverse effect on the company's financial condition or results. The company is not exposed to currency risk or other significant price risk. The company does not trade in the financial instruments it holds on its books. It is exposed only to interest rate risk arising from changes in market interest rates.

Interest rate risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to the changes in interest rates. The company's main interest rate risk arises from cash and cash equivalents, loans and advances to customers and amounts payable to related entities. Amounts payable to related entities attract a fixed interest rate which exposes the company to fair value interest rate risk. The company manages this risk by charging a fixed interest on loans and advances to customers at a higher margin than the required interest paid.

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	2014 $	2013 $
Variable rate instruments		
Cash and cash equivalents	5,046,868	2,465,403
Fixed rate instruments		
Loans and advances to customers	20,548,637	13,093,101
Borrowings	(21,986,471)	(13,541,991)

An official increase/decrease in interest rates on variable rate instruments of 100 (2013:100) basis points would have a favourable/adverse effect on profit before tax of $50,469 (2013: $24,654) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

24 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

Liquidity risk for the company is that it may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or loans written. It is the policy of the Board that the company maintains adequate cash reserves so as to meet the payment of loan and interest payments when required. The company manages liquidity risk by:

- Monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities; and
- Maintaining adequate reserves.

The maturity profile of the financial liabilities, based on the contractual repayment terms is set out in Note 16.

(d) Credit risk

Credit risk is the risk that customers and other counterparties will be unable to meet their obligations to the company which may result in financial losses. Credit risk arises principally from loans and advances to customers.

The company operates an automotive lending business and writes loans of $5,000 - $50,000 at interest rates between 19%p.a. – 29%p.a. The company specialises in lending to individuals with poor credit histories, who can demonstrate that they are able to service loan repayments without suffering financial hardship. These borrowers may be unable to obtain finance from banks and accordingly may be regarded at a higher risk of defaulting on their loans exposing the company to credit risk.

All loan applications are measured against a tested credit matrix which is reviewed and refined to take into account demographic and economic conditions. This matrix is clearly communicated and well understood by our lending consultants. Credit files, employment details and bank statements are checked by our loans application team. An application cannot proceed until all required documentation is provided.

Finance One has developed an internal lending policy in order to ensure that loans are carefully reviewed before funds are advanced. Finance One will only approve loans which fall within its lending policies. The purpose of Finance One's lending policies are to screen out undesirable loans by undertaking thorough due diligence on borrowers. The lending policy consists of the following steps:

- Initial loan review
- Borrower credit checks
- Valuation of loan security
- Loan approval
- Settlement of loan documents

In order to minimise the potential for loan defaults, Finance One will schedule a borrower's loan repayment date to coincide with the borrower's pay cycle to ensure a greater likelihood of successful loan repayments being made. All the loans are subject to ongoing monitoring of borrowers progress in making repayments by a dedicated arrears management team using a loan arrears software package. Any loan default is immediately highlighted in a specific loan repayment report. In the event that a borrower fails to make a scheduled repayment, the company will implement its loan default management procedures.

24 FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of Finance One's loan management policy.

Systems for ongoing monitoring of loans	With all loan repayments being electronic, Finance One utilises a specific software package to monitor all loan repayments, and in particular, any loan defaults. This results in early remedial action being taken, often within 24 hours but generally within 3 days of default.
Scheduled repayments not made within 7 days	The borrower is contacted by telephone to assess their current financial situation and ascertain the reason for the default. Our arrears management team works with the borrower to arrive at a mutually satisfactory outcome after taking the borrower's current personal circumstances into consideration. By building rapport with our borrower's we are able to minimise ongoing loan defaults. In addition, a standard loan default letter is sent to the client confirming the loan default and reminding them of their legal obligations.

Loan in default for 30 days	The borrower is again contacted by telephone to assess their current financial situation and ascertain whether there is any new reason for the default. Our arrears management team continues to work with the borrower to try to overcome the continuing default. Often further defaults can be avoided by structuring default repayments to the borrower's current financial circumstances. In addition, a sterner loan default letter is sent to the borrower confirming the loan default and reminding them of their legal obligations.
Loan in default for 60 days	The borrower is contacted by telephone to assess their current financial situation and why the loan remains in default. We continue to work with the borrower to try to overcome the default. Unless a more satisfactory arrangement can be made or in the event of the borrower not being contactable then we set in motion our repossession procedures. At this point a strongly worded loan default letter is sent to the client. It is Finance One's policy to have all arrears over 60 days satisfactorily resolved within 90 days of default.

A provision for Impairment is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered. Refer to Note 2 for a detailed explanation.

A summary of past due but not impaired loans is set out in Note 9(b).

The geographical concentration of credit risk is as follows:

State	% of Loans and Advances
Queensland	72.4
New South Wales	10.9
Australian Capital Territory	0.9
Tasmania	0.4
Victoria	9.9
South Australia	2.4
Western Australia	2.0
Northern Territory	1.1

(e) Fair value estimation

The carrying amount of the Group's financial assets and liabilities approximates their fair value. Loans and receivables after allowance for impairment and payables are considered to be a reasonable approximation of fair value.

The carrying amount of current borrowings approximates fair value as the impact of discounting is not significant. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

25 SUBSEQUENT EVENT

Investors Central Limited intends to issue a new Prospectus which will be lodged with ASIC to gain approval for the company to raise up to $25 million by offering investors the opportunity to purchase Redeemable Preference Shares under the Offer contained in the Prospectus. This will enable the company to continue our steady growth and the expansion of the Finance One loan book.

26 COMPANY DETAILS

The registered office of the company is 118 Ross River Road, Mundingburra QLD 4812.

Directors' Declaration

In the opinion of the directors of Investors Central Limited ('the company'):

(a) the financial statements and notes, set out on pages 9 to 29, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the company as at 30 June 2014 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

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

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Jamie McGeachie
Director

Quinnton Cowen
Director

Townsville
21 August 2014

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF INVESTORS CENTRAL LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Investors Central Limited (the company) and Investors Central Limited and Fin One Pty Ltd (the consolidated entity), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

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 misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Investors Central Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion
In my opinion the financial report of Investors Central Limited and Investors Central Limited and Fin One Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards and the Corporations Regulations 2001.

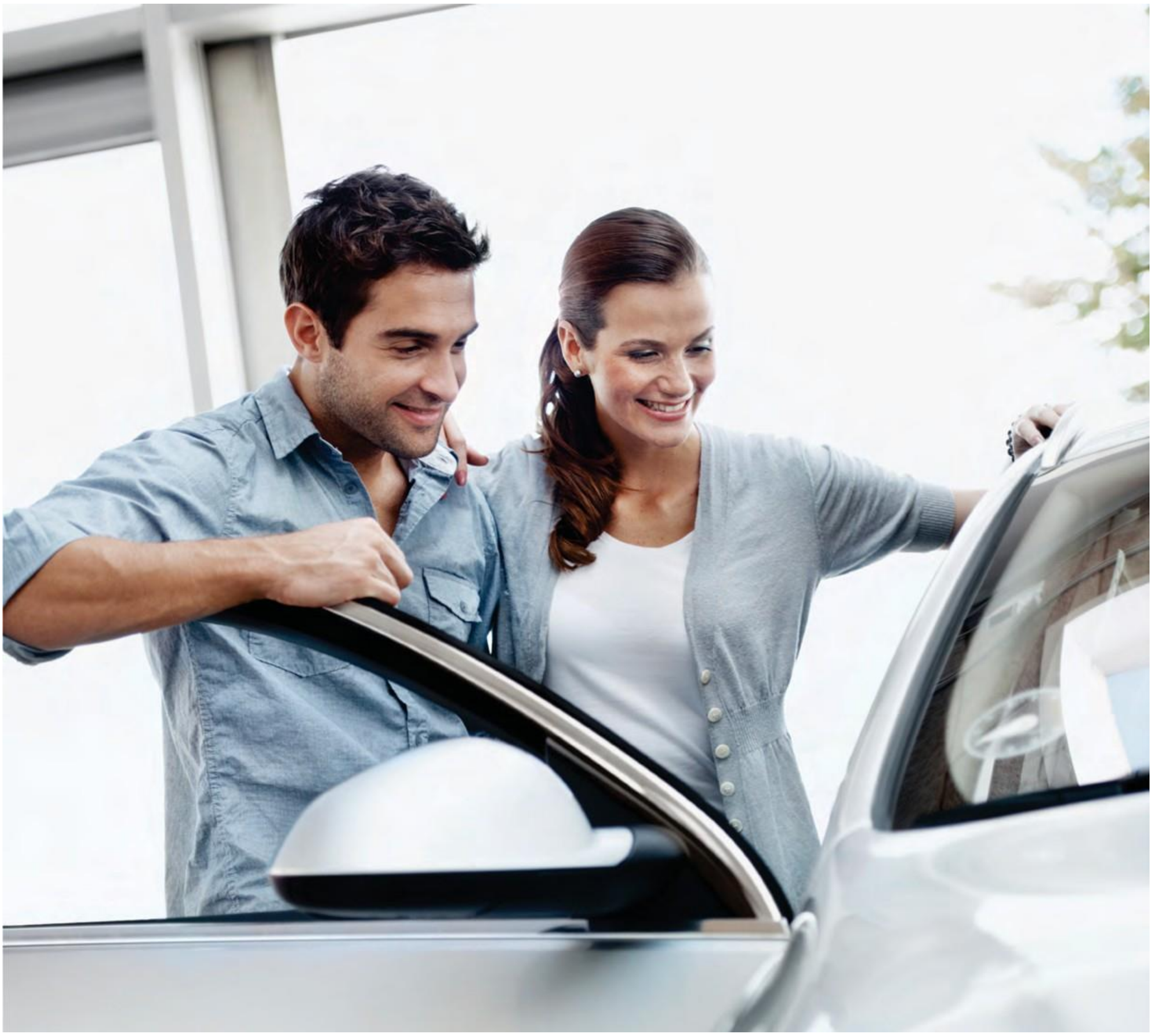
Dated: 21 August 2014

1/19 Stanley Street
TOWNSVILLE QLD 4810

R. Dunstan
(Registered Company Auditor)
RCA No.: 6834

ANNUAL REPORT

2013 - 2014
Fin One Pty Ltd
ACN 139 719 903



Photographs used in this Annual Report without descriptions are only for illustration. The people shown are not endorsing this Report or its contents.

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Directors Report

The director presents his report, together with the financial statements for Fin One Pty Ltd (Finance One), ended 30 June 2014.

Director
The following person was director of Fin One Pty Ltd for the full year ended 30 June 2014:
- Jamie Edward McGeachie

Principal activities
During the financial year the principal continuing activities of Fin One Pty Ltd consisted of:
- Provision of motor vehicle loans by Finance One

Dividends
No Dividends were paid to shareholders during the financial year.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of Fin One Pty Ltd during the financial year.

Matters subsequent to the end of the financial year
Investors Central Limited intends to issue a new Prospectus which will be lodged with ASIC to gain approval for the company to raise up to $25 million by offering investors the opportunity to purchase Redeemable Preference Shares under the Offer contained in the Prospectus. This will enable the company to continue our steady growth and the expansion of the Finance One loan book.

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

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

Information on director

Title	Chairman and Managing Director
Qualifications	Cert. IV in Financial Services
Experience and expertise	Jamie has over 17 years' experience in the finance industry and is the founder and Managing Director of Finance One & Investors Central. In addition he has a close involvement in several other family business entities which are part of the McGeachie Group and under his guidance the McGeachie Group has expanded with various business lines including personal and motor finance, residential and commercial mortgages.
Special responsibilities	Managing Director

Company secretary
Jamie McGeachie has held the role of Company Secretary of Fin One Pty Ltd since inception in September 2009.

Meetings of director
The number of meetings of the Director held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Attended	Held
Jamie McGeachie	11	11

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Director's shareholding
The following table sets out the director's relevant interest in shares of the company or a related body corporate as at the date of this report.

Director	**Ordinary Shares**
J. McGeachie	10

Shares under option
There are no unissued ordinary shares of Fin One Pty Ltd under option at the date of this report.

Shares issued on the exercise of options
No ordinary shares of Fin One Pty Ltd were issued during the year ended 30 June 2014 and up to the date of this report on the exercise of options granted.

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

During the financial year, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. A contract of insurance will be in place in the following financial year. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

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

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

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

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Auditor
Jessups Accountants and Business Advisors continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the director

Jamie McGeachie
Director

21 August 2014
Townsville

FIN ONE PTY LTD

ACN 139 719 903

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FIN ONE PTY LTD

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

i. The auditor independence requirements as set out in the Corporations Act in relation to the audit; and
ii. Any applicable code of professional conduct in relation to the audit.

Jessups

Rodger Dunstan
Director

Dated: 21/08/2014
1/19 Stanley Street
Townsville QLD 4810

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Interest income	4	4,532,680	2,519,310
Interest expense	4	(2,768,764)	(1,449,343)
Net interest income		1,763,916	1,069,967
Fee income		1,943,516	1,253,301
Sundry income	5	5,725	1,500
		3,713,157	2,324,768
Employee benefits expense		(692,849)	(455,462)
Depreciation and amortisation expense		(11,245)	(4,854)
Doubtful and bad debts expense		(364,348)	(422,997)
Accountancy fees		(58,083)	(33,004)
Advertising expenses		(204,573)	(89,713)
Management fees		(178,547)	(76,089)
Consultancy fees		(82,959)	(54,702)
Other expenses		(287,043)	(162,243)
Profit before income tax		1,833,510	1,025,704
Income tax expense	7(a)	(558,774)	(311,627)
Profit for the year		1,274,736	714,077
Other comprehensive income		-	-
Total comprehensive income		1,274,736	714,077

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2014

	Issued Share Capital $	Retained Earnings $	Total $
Balance at 1 July 2012	10	501,202	501,212
Total comprehensive income for the year			
Profit for the year	-	714,077	714,077
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	714,077	714,077
Balance at 30 June 2013	10	1,215,279	1,215,289
Balance at 1 July 2013	10	1,215,279	1,215,289
Total comprehensive income for the year			
Profit for the year	-	1,274,736	1,274,736
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,274,736	1,274,736
Balance at 30 June 2014	10	2,490,015	2,490,025

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Cash and cash equivalents	8	5,046,523	2,465,048
Loans and advances (net)	9	20,829,609	13,093,101
Plant and equipment	10	82,228	40,039
Intangible assets	11	112,022	53,844
Deferred tax assets	13	646,397	545,329
Other	12	8,823	230,801
Total assets		26,725,602	16,428,162
LIABILITIES			
Payables	14	1,979,443	1,653,083
Income tax payable	15	15,538	3,875
Employee benefits	16	16,451	13,110
Amounts due to related entities	17	22,224,145	13,542,805
Total liabilities		24,235,577	15,212,873
Net assets		2,490,025	1,215,289
EQUITY			
Issued share capital	18	10	10
Retained earnings		2,490,015	1,215,279
Total equity		2,490,025	1,215,289

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		4,532,680	2,519,310
Interest paid		(2,768,764)	(1,449,343)
Fees and other income received		2,116,555	1,843,845
Payments to suppliers and employees		(1,335,591)	(830,086)
(Increase)/decrease in operating assets:		2,544,880	2,083,726
Net (increase)/decrease in customer loans advanced		(7,819,884)	(8,179,608)
Net cash from operating activities before income tax		(5,275,004)	(6,095,882)
Income tax paid		(648,179)	(712,237)
Net cash from operating activities	19	(5,923,183)	(6,808,119)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (increase)/decrease in receivables due from related parties		(64,929)	4,538
Acquisition of plant and equipment		(53,434)	(39,100)
Acquisition of intangible assets		(58,319)	(53,703)
Net cash (used in) investing activities		(176,682)	(88,265)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in payables to related parties		8,681,340	8,407,099
Net cash from financing activities		8,681,340	8,407,099
Net increase in cash and cash equivalents		2,581,475	1,510,715
Cash and cash equivalents at 1 July		2,465,048	954,333
Cash and cash equivalents at 30 June	8	5,046,523	2,465,048

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
for the year ended 30 June 2014

1 REPORTING ENTITY

Fin One Pty Ltd ("Fin One" or "the company") is a for-profit company incorporated and domiciled in Australia. The company is an individual entity. As of 20 May 2013, Fin One Pty Ltd became a wholly owned subsidiary of Investors Central Limited. It is consolidated as part of Investors Central Limited which produces consolidated financial statements.

The financial report was authorised for issue by the Directors on 21 August 2014.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report of the company also complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board. The company is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of measurement

The financial report has been prepared on the basis of historical costs.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the company's functional currency.

(d) New, revised or amending Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations that are mandatory for the current reporting period are:
AASB 10 Consolidated Financial Statements
AASB 11 Joint Arrangements
AASB 12 Disclosure of Interests in Other Entities
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(e) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

AASB 9 aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard is being issued in phases. To date, parts dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, as well as hedging, have been issued. These parts are effective for annual periods beginning 1 January 2018. Further parts dealing with impairment and amendments to the classification requirements are still being developed.

2 BASIS OF PREPARATION (CONTINUED)

Management have yet to assess the impact that this amendment is likely to have on the financial statements. However, they do not expect to implement the amendments until all parts of AASB 9 have been released and they can comprehensively assess the impact of all changes.

IFRS 15 Revenue from Contracts with Customers
An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. This standard is effective for annual periods beginning on or after 1 January 2017.

Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

(f) Use of estimates and judgements
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Impairment losses on loans and advances
All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired. Evidence of impairment may include indications that the borrower has defaulted, is experiencing significant financial difficulty, or where the debt has been restructured to reduce the burden to the borrower.

The amount provided for impairment of loans is determined by management and the Board. An impairment loss is recognised on loans which have not maintained loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as bankruptcy, job losses or economic circumstances.

The actual amount of the future cash flows and their timing may differ significantly from the assumptions made for the purposes of determining the impairment provision given the number of customers and current economic conditions. This uncertainty is exacerbated in the current economic climate, where the timing of, and value realisable from the collateral held in the form of motor vehicles is particularly uncertain. Consequently, these allowances can be subject to variation. Refer to Note 9 in respect of impairment of loans and advances.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial assets and liabilities
Recognition
The consolidated entity initially recognises loans and advances on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

Derecognition
The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Identification and measurement of impairment
At each reporting date the company assesses whether financial assets are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events have had a negative effect on the estimated future cash flows of that asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Financial assets
Financial assets held by the consolidated entity are described below:

(i) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at call deposits with banks or financial institutions.

(ii) Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the consolidated entity does not intend to sell immediately or in the next term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method and after assessing provisions for impairment losses.

Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed as described in Note 2.

Bad debts are written off when identified. Write-offs for bad debts are recognised as expenses through profit or loss.

Financial liabilities
Financial liabilities comprise payables and borrowings and are described below.

(i) Payables
Liabilities are recognised for amounts to be paid in the future for goods or services. Trade accounts payable are stated at cost, are non-interest bearing and are normally settled within 30 days.

(ii) Borrowings
Borrowings are initially recognised at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

(b) Fair values
Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

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. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(c) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives range from 3 to 20 years.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Intangible assets

Software

Costs associated with the development of software for internal use are capitalised if the software is technically feasible and the company has both the intent and sufficient resources to complete the development. Costs are only capitalised if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

Only costs that are directly attributable to bring the asset into working condition for its intended use are capitalised. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management. Other development expenditure is recognised in profit or loss as an expense is incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives range from 4 to 5 years.

(e) Impairment of non-financial assets
The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Payables
Liabilities are recognised for amounts to be paid in the future for goods or services. Trade accounts payable are stated at cost, are non-interest bearing and are normally settled within 30 days.

(g) Employee benefits
Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits
Liabilities for wages, salaries, annual leave, sick leave, bonuses and the value of fringe benefits received (including non-monetary benefits) that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in Payables in respect of employee services provided to the end of the reporting period and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long-term employee benefits
Liabilities for long service leave and annual leave are not expected to be wholly settled within twelve months of the end of the reporting period. They are recognised as provisions for employee benefits and are measured at the present value of the expected future payments to be made in respect of services provided to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wage increases, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Superannuation
Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(h) Revenue
Interest income
Interest revenue is recognised as it accrues using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset and allocates the interest income over the expected life of the financial asset so as to achieve a constant yield on the financial asset. Expected life is determined on the basis of the historical behaviour of the loan portfolio, taking into account contractual obligations and prepayment experience. This is assessed on a regular basis.

Fee income
Upfront fee income in relation to loan origination that are integral to the effective interest rate of a financial asset are recognised using the effective interest rate method. This involves recognising the loan origination fees, net of direct loan origination costs, over the life of the loan as an adjustment of yield.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

(i) Interest expense

Interest expense is recognised in profit or loss as it accrues, using the effective interest method.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised on the initial recognition of assets or liabilities, in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Segment reporting

The company operates in one business and geographical segment, being a used automotive lending business in Australia.

Notes to the Financial Statements
for the year ended 30 June 2014

4 INTEREST INCOME AND EXPENSE

	2014	2013
	$	$
Interest income		
Cash and cash equivalents	69,142	42,211
Loans and advances to customers	4,463,538	2,477,099
	4,532,680	2,519,310
Interest expense		
Related entities	2,768,764	1,449,343
Net interest income	1,763,916	1,069,967

5 OTHER INCOME

Government subsidies	2,500	1,500
Bad debt recoveries	3,225	-
	5,725	1,500

6 AUDITORS' REMUNERATION

Auditors of the company		
Audit services		
Audit of the financial report	13,641	25,304
Other regulatory audit services	-	-
	13,641	25,304

7 INCOME TAX

(a) Income tax expense

Current tax expense		
Current year	659,842	586,154
Deferred tax expense		
Adjustment for prior years deferred tax	-	-
Origination and reversal of temporary differences	(101,068)	(274,527)
Total income tax expense	558,774	311,627
Numerical reconciliation between tax expense and pre-tax net profit		
Profit before tax	1,833,510	1,025,704
Income tax using the company tax rate of 30% (2012: 30%)	550,053	307,711
Increase in income tax expense due to:		
Non-deductible expenses	8,721	3,916
Income tax expense on pre-tax net profit	558,774	311,627

Notes to the Financial Statements
for the year ended 30 June 2014

		2014	2013
		$	$
7	**INCOME TAX (CONTINUED)**		
(b)	**Dividend franking amount**		
	30% franking credits available to members of the company for subsequent financial years	1,731,626	1,071,784

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of current tax liabilities.
(b) franking credits that the company may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

		2014	2013
8	**CASH AND CASH EQUIVALENTS**		
	Current		
	Cash on hand	510	260
	Cash at bank	5,046,013	2,464,788
	Cash and cash equivalents in the statement of cash flows	5,046,523	2,465,048
9	**LOANS AND ADVANCES**		
	Current		
	Loans receivable	6,650,741	4,105,868
	Receivables – related parties	280,973	-
	Non-Current		
	Loans Receivable	14,553,969	9,490,290
	Gross loans and advances	21,485,683	13,596,158
	Provision for impairment	(656,074)	(503,057)
	Net loans and advances	20,829,609	13,093,101
	Contractual maturity analysis		
	Receivables – at call	280,973	-
	Not longer than 3 months	1,596,098	976,878
	Longer than 3 months and not longer than 1 year	5,054,643	3,128,990
	Longer than 1 year and not longer than 5 years	14,238,047	9,477,807
	Longer than 5 years	315,922	12,483
		21,485,683	13,596,158

All loans and advances are denominated in Australian dollars.

		2014	2013
(a)	**Impairment of loans and advances**		
	Provision for impairment		
	Balance at 1 July	503,057	194,022
	Increase of impairment	153,017	309,035
	Balance at 30 June	656,074	503,057

Bad debts written off are recognised directly in profit or loss. Bad debts written off were $211,332 (2013: $113,962).

Notes to the Financial Statements
for the year ended 30 June 2014

9 LOANS AND ADVANCES (CONTINUED)

(b) Past due but not impaired loans

	2014 Carrying value $	2014 Past due $	2013 Carrying value $	2013 Past due $
< 90 days	3,832,235	197,038	3,114,110	209,898
90 to 180 days	694,259	164,003	354,257	88,085
>180 days	456,067	231,148	206,022	95,652
	4,982,561	592,189	3,674,389	393,635

(c) Credit quality –security held against loans

	2014 $	2013 $
Loans		
Secured by mortgage over motor vehicle	21,204,710	13,596,158
	21,204,710	13,596,158
Value of collateral held at fair value	15,448,529	10,263,218

The value of collateral held was determined by reference to the wholesale value of motor vehicles held as collateral at date of loan origination reduced by 22.5% for each year since loan origination. From 1st of July 2013 the reduction rate of collateral held has increased to 32.5%.

The company may not have sufficient security over the borrower's assets to recover the full amount of the loan and/or interest repayments payable to it under the loan. In most cases, borrowers will provide their motor vehicle as security for their loan. If a borrower fails to make their loan repayments, the company may be forced to take possession of the motor vehicle. Normally, the company would seek to immediately sell the vehicle via wholesale second hand motor vehicle markets. Often motor vehicles are sold via wholesale second hand markets at significantly less than the price at which they are sold by car dealers. In addition, motor vehicles are depreciating assets, and therefore, the value of motor vehicles will also erode over time. Accordingly, if the company is forced to take possession of the motor vehicle and sell it on wholesale motor vehicle markets, the company may receive less for the vehicle than the amount owing under the loan.

10 PLANT AND EQUIPMENT

Non-Current		
Plant and equipment, at cost	99,694	46,260
Accumulated depreciation	(17,466)	(6,221)
	82,228	40,039

Reconciliation

Reconciliation of the carrying amount is set out below:

Balance at 1 July	40,039	5,793
Additions	53,434	39,100
Depreciation	(11,245)	(4,854)
Balance at 30 June	82,228	40,039

Notes to the Financial Statements
for the year ended 30 June 2014

		2014	2013
		$	$
11	**INTANGIBLE ASSETS**		
	Non-Current		
	Formation Expenses	708	708
	Less accumulated amortisation	(708)	(567)
	Software development	112,022	53,703
	Accumulated amortisation	-	-
		112,022	53,844
	Reconciliation		
	Reconciliation of the carrying amount is set out below:		
	Balance at 1 July	53,844	283
	Additions	58,320	53,703
	Disposals	-	-
	Amortisation	(142)	(142)
	Balance at 30 June	112,022	53,844
12	**OTHER ASSETS**		
	Current		
	Prepaid prospectus expenses	-	216,044
	Other	8,823	14,757
		8,823	230,801

Prepaid prospectus expenses have been transferred to Investors Central Limited via the loan account.

13	**DEFERRED TAX**		
	Non-Current		
	Deferred tax asset and liabilities comprises temporary differences attributable to:		
	Amounts recognised ion profit or loss:		
	Plant and equipment	(6,473)	(607)
	Super payable	4,636	3,353
	Employee benefits	19,375	9,824
	Deferred revenue	432,037	381,842
	Impairment provision	196,822	150,917
	Net tax assets/(liabilities)	646,397	545,329
	Movements:		
	Opening balance	545,329	270,802
	Credited to profit or loss (note 7)	101,068	274,527
	Credited to equity	-	-
	Closing balance	646,397	545,329

Notes to the Financial Statements
for the year ended 30 June 2014

		2014	2013
		$	$
14	**PAYABLES**		
	Current		
	Accounts payable	266,626	103,287
	Liability for annual leave	48,131	32,955
	BAS payable	209,110	232,855
	Super payable	15,454	11,178
	Deferred income	1,440,122	1,272,808
		1,979,443	1,653,083

Loans approved but not yet drawn have been recognised at reporting date as accounts payable.

15	**INCOME TAX PAYABLE**		
	Current		
	Income tax payable	15,538	3,875

The current income tax payable represents the amount of income tax payable in respect of the current and prior financial years less amounts paid during those years.

16	**EMPLOYEE BENEFITS**		
	Non-Current		
	Liability for long service leave	16,451	13,110

Defined contribution superannuation funds
The company makes contributions to defined contribution superannuation funds. The amount recognised as an expense was – $56,823 for the year ended 30 June 2013 (2013: $36,459).

17	**LIABILITIES DUE TO RELATED PARTIES**		
	Current		
	Loan payable to related party - secured	22,224,145	13,542,805

The loans payable are secured by the loans advanced to customers.

Principal reductions to be repaid on demand by the parent entity. Interest is payable on the outstanding balance of each draw down on the last business day of each month. The fixed interest rate applicable for the 2014 year was between 11 – 18% (2013: 14-18%) dependent on amount of drawdown. The weighted average interest rate for the 2014 year was 15.921508% (2013: 17.061452%)

18	**ISSUED CAPITAL**		
	Ordinary shares – fully paid	10	10

There was no movement in fully paid ordinary shares for the year ended 30 June 2013 and 30 June 2012.

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

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

18 ISSUED CAPITAL (CONTINUED)

Capital risk management

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

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, amounts payable to related parties and share issues.

The company's capital comprises equity as shown in the statement of financial position. The company is not exposed to externally imposed capital requirements.

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

	2014 $	2013 $
19 NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of cash flows from operating activities		
Profit for the year	1,274,736	714,077
Adjustments for:		
Depreciation and amortisation	11,386	4,996
Income tax expense	558,774	311,627
Operating profit before changes in working capital and provisions	1,844,896	1,030,700
Increase/(decrease) in other payables	326,360	855,032
(Increase)/decrease in prepayments and other assets	5,934	(229,760)
(Increase)/decrease in loans and advances	(7,455,535)	(7,756,611)
Increase/(decrease) in employee benefits	3,341	4,757
	(5,275,004)	(6,095,882)
Income taxes paid	(648,179)	(712,237)
Net cash from operating activities	(5,923,183)	(6,808,119)

20 RELATED PARTIES

Parent entity

On the 20th May 2013, Investors Central Limited became the parent entity of Fin One Pty Ltd, by purchasing 100% of the shares from the previous shareholder.

Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

Short-term employee benefits	282,724	223,701
Post-employment benefits	17,808	-
	300,532	223,701

Key management personnel are remunerated by McGeachie Group Pty Ltd – a related entity of the company.

		2014	2013
		$	$
20	**RELATED PARTIES (CONTINUED)**		
	Transactions with related parties		
	The following transactions occurred with related parties:		
	Payment of management fees	178,547	76,089
	Interest paid to Investors Central Limited	2,768,764	1,449,429
	McGeachie Group Pty Ltd, a company associated with a director of the company, provided administration, accounting, rent and business operation support services	131,713	-
	In addition, the following transactions have occurred with related parties at no cost: Jamaur Enterprises Pty Ltd, a company associated with a director of the company, provided administration, accounting and other support services.	-	64,173
	Loans to/from related parties		
	Loan to related parties:		
	- Investors Central Limited	280,973	-
	Loan from Investors Central Limited	22,224,145	13,542,805

Further details of the loan payable refer Note 17.

Notes to the Financial Statements
for the year ended 30 June 2014

21 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk.

Risk management is carried out by senior finance management ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the company. Finance reports to the Board on a monthly basis.

(b) Market risk

Market risk is the risk that changes in interest rates or other prices and volatilities will have an adverse effect on the company's financial condition or results. The company is not exposed to currency risk or other significant price risk. The company does not trade in the financial instruments it holds on its books. It is exposed only to interest rate risk arising from changes in market interest rates.

Interest rate risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to the changes in interest rates. The company's main interest rate risk arises from cash and cash equivalents, loans and advances to customers and amounts payable to related entities. Amounts payable to related entities attract a fixed interest rate which exposes the company to fair value interest rate risk. The company manages this risk by charging a fixed interest on loans and advances to customers at a higher margin than the required interest paid.

At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	2014 $	2013 $
Variable rate instruments		
Cash and cash equivalents	5,046,013	2,465,048
Fixed rate instruments		
Loans and advances to customers	20,548,637	13,093,101
Amounts payable to related entity	(22,224,145)	(13,542,805)

An official increase/decrease in interest rates on variable rate instruments of 100 (2012:100) basis points would have a favourable/adverse effect on profit before tax of $50,460 (2013: $24,650) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

(c) Liquidity risk

Liquidity risk for the company is that it may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or loans written. It is the policy of the Board that the company maintains adequate cash reserves so as to meet the payment of loan and interest payments when required. The company manages liquidity risk by:

- Monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities; and
- Maintaining adequate reserves.

The maturity profile of the financial liabilities, based on the contractual repayment terms is set out in Note 17.

21 FINANCIAL INSTRUMENTS (CONTINUED)

Notes to the Financial Statements
for the year ended 30 June 2014

(d) Credit risk
Credit risk is the risk that customers and other counterparties will be unable to meet their obligations to the company which may result in financial losses. Credit risk arises principally from loans and advances to customers.

The company operates an automotive lending business and writes loans of $5,000 - $50,000 at interest rates between 19%p.a. – 29%p.a. The company specialises in lending to individuals with poor credit histories, who can demonstrate that they are able to service loan repayments without suffering financial hardship. These borrowers may be unable to obtain finance from banks and accordingly may be regarded at a higher risk of defaulting on their loans exposing the company to credit risk.

All loan applications are measured against a tested credit matrix which is reviewed and refined to take into account demographic and economic conditions. This matrix is clearly communicated and well understood by our lending consultants. Credit files, employment details and bank statements are checked by our loans application team. An application cannot proceed until all required documentation is provided.

Finance One has developed an internal lending policy in order to ensure that loans are carefully reviewed before funds are advanced. Finance One will only approve loans which fall within its lending policies. The purpose of Finance One's lending policies are to screen out undesirable loans by undertaking thorough due diligence on borrowers. The lending policy consists of the following steps:
- Initial loan review
- Borrower credit checks
- Valuation of loan security
- Loan approval
- Settlement of loan documents

In order to minimise the potential for loan defaults, Finance One will schedule a borrower's loan repayment date to coincide with the borrower's pay cycle to ensure a greater likelihood of successful loan repayments being made. All the loans are subject to ongoing monitoring of borrowers progress in making repayments by a dedicated arrears management team using a loan arrears software package. Any loan default is immediately highlighted in a specific loan repayment report. In the event that a borrower fails to make a scheduled repayment, the company will implement its loan default management procedures.

Set out below is a summary of Finance One's loan management policy.

Systems for ongoing monitoring of loans	With all loan repayments being electronic, Finance One utilises a specific software package to monitor all loan repayments, and in particular, any loan defaults. This results in early remedial action being taken, often within 24 hours but generally within 3 days of default.
Scheduled repayments not made within 7 days	The borrower is contacted by telephone to assess their current financial situation and ascertain the reason for the default. Our arrears management team works with the borrower to arrive at a mutually satisfactory outcome after taking the borrower's current personal circumstances into consideration. By building rapport with our borrower's we are able to minimise ongoing loan defaults. In addition, a standard loan default letter is sent to the client confirming the loan default and reminding them of their legal obligations.
Loan in default for 30 days	The borrower is again contacted by telephone to assess their current financial situation and ascertain whether there is any new reason for the default. Our arrears management team continues to work with the borrower to try to overcome the continuing default. Often further defaults can be avoided by structuring default repayments to the borrower's current financial circumstances. In addition, a sterner loan default letter is sent to the borrower confirming the loan default and reminding them of their legal obligations.
Loan in default for 60 days	The borrower is contacted by telephone to assess their current financial situation and why the loan remains in default. We continue to work with the borrower to try to overcome the default. Unless a more satisfactory arrangement can be made or in the event of the borrower not being contactable then we set in motion our repossession procedures. At this point a strongly worded loan default letter is sent to the client. It is Finance One's policy to have all arrears over 60 days satisfactorily resolved within 90 days of default.

21 FINANCIAL INSTRUMENTS (CONTINUED)

A provision for Impairment is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered. Refer to Note 2 for a detailed explanation.

A summary of past due but not impaired loans is set out in Note 9(b).

The geographical concentration of credit risk is as follows:
The geographical concentration of credit risk is as follows:

State	% of Loans and Advances
Queensland	72.4
New South Wales	10.9
Australian Capital Territory	0.9
Tasmania	0.4
Victoria	9.9
South Australia	2.4
Western Australia	2.0
Northern Territory	1.1

(e) Fair value estimation

The carrying amount of the company's financial assets and liabilities approximates their fair value. Loans and receivables after allowance for impairment and payables are considered to be a reasonable approximation of fair value.

22 SUBSEQUENT EVENT

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

23 COMPANY DETAILS

The registered office of the company is 118 Ross River Road, Mundingburra QLD 4812.

Directors' Declaration

In the opinion of the directors of Fin One Pty Ltd ('the company'):

(a) the financial statements and notes, set out on pages 4 to 23, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the company as at 30 June 2014 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

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

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Jamie McGeachie
Director

21 August 2014
Townsville

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF FIN ONE PTY LTD

Report on the Financial Report
I have audited the accompanying financial report of Fin One Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence
In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Fin One Pty Ltd, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion
In my opinion the financial report of Fin One Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards and the Corporations Regulations 2001.

Dated: 21 August 2014

1/19 Stanley Street
TOWNSVILLE QLD 4810

R. Dunstan
(Registered Company Auditor)
RCA No.: 6834