Strathfield Group Limited

A.C.N. 053 687 728

Financial statements for the financial year ended 30 June 2014

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Directors' Report

The directors of Strathfield Group Limited submit herewith this financial report of the Strathfield Group Limited Consolidated Entity for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors of the company during and since the end of the financial year, except as otherwise noted, are:

Vaz Hovanessian - Executive Chairman and Company Secretary - Appointed on 12 December 2008.

Vaz Hovanessian (B. Bus, M. App. Fin, CPA, FCSA) has over 30 years of business experience and has run a corporate advisory services organisation for over 25 years. He has served on the Boards of several junior and emerging companies in the Resources and Technology sectors. He has interests in tourism and property and substantial experience in resurrecting companies in difficulty. He is currently a Director of Broad Investments Limited.

Zac Karlaftis – Executive Director – Appointed on 5 July 2010.

Zac Karlaftis (B. Eng, B. Bus) has 17 years' experience in the Information Communication Technology ("ICT") Industry with specific skills in product management, sales, business development and planning and strategy development. Mr. Karlaftis has had several senior positions in ICT enterprises including over 10 years at senior levels in Telstra until 2003 where he was General Manager of Managed Services with executive accountability for P&L, strategic planning, staffing and accounts management for in excess of $300M in annual Managed Services business. On 19 May 2011 Mr Karlaftis assumed the role of General Manager of the Group's Electronic Retail division.

Neil Gibson – Non-executive Director – Appointed on 1 December 2010.

Neil Gibson is a qualified accountant and experienced company director with over 28 years working knowledge in the telecommunication industry and who led the sales team that sold the first mobile phones marketed in Queensland 26 years ago. He has also acted a distributor and agent for telecommunication companies and specialised in servicing outback country areas and country towns in regional NSW and Queensland as well as servicing major national accounts. In the past Mr Gibson has also served as a senior operator with one of Queensland's largest stockbrokers and has managed various family businesses, including rural properties.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	**Company**	**Period of directorship**
Vaz Hovanessian	Broad Investments Limited	Since January 2004
Vaz Hovanessian	Ochre Group Holdings Limited[1]	September 1996 – March 2011
Vaz Hovanessian	Silver Mines Limited	Since February 2015
Vaz Hovanessian	Mandalong Resources Limited	Since March 2012

[1] Ochre Group Holdings Limited was formerly Rico Resources Limited and E-com Multi Limited.

Board Structure

There have been no changes to the structure of composition of the board since the last annual report. The dates of appointment, or resignation, of the relevant director are provided earlier in the section named "Information about Directors".

Principal activities

Strathfield Group Limited made an investment in All4Tradies during the period which was subsequently impaired. Other than this the Group did not operate during the year other than continuing to satisfy the Deeds of Company Arrangements.

Review of Operations and Activities

Operational Review

Strathfield Group Limited (Strathfield) advises that EBITDA before significant items ("Underlying EBITDA") for the full year is a loss of $1.259 million versus an EBITDA result in the prior period of $1,401. The profit (loss) after tax for the full year ended 30 June 2014 is ($1.259 million) versus a profit of $1,401 for the prior period.

Financial Position Review

The financial position of the Consolidated Entity has been impacted by impairment charges in the sum of $1.26 million relating to investments made in the period.

Significant events during the year

(i) Removal from Official Quotation

On 30 August 2013 the Australian Stock Exchange advised, pursuant to listing rule 17.5, the removal from the official list of the securities of the Company for failure to pay annual listing fees.

Subsequent Events

Since the end of the Full Year no significant events have affected the operations of the Strathfield Group going forward.

Changes in state of affairs

There have been no significant changes in the state of affairs since the last financial report other than those detailed above under the notes "Significant events during the year" and "Subsequent events".

Future developments

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The Consolidated Entity's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Dividends

No dividend has been paid or declared and the directors do not recommend the payment or declaration of a dividend in respect of the current or previous financial years.

Indemnification of officers and auditors

As provided under the constitution, the company indemnifies directors and senior officers for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or officer of the company. During the year, the company has paid a premium in respect of a contract, insuring its directors and senior employees against any liability of this nature. In accordance with normal commercial practices, under the terms of the insurance contract, the nature of the liabilities insured against and the amount of the premiums paid are confidential.

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

Directors' meetings

The table below sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year ten board meetings were held.

Board of directors

Directors	Eligible to attend	Attended
Vaz Hovanessian	3	3
Neil Gibson	3	3
Zac Karlaftis	3	3

Share options

No share options were issued or exercised during the year.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 7 and forms part of the Directors' Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Vaz Hovanessian

Chairman

Sydney, Friday, 31 July 15

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Strathfield Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Strathfield Group Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 31 July 2015

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Independent Auditor's Report
To the Members of Strathfield Group Limited

We have audited the accompanying financial report of Strathfield Group Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the years end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Strathfield Group Limited is in accordance with the Corporations Act 2001, including:

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

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P J Woodley
Partner - Audit & Assurance

Sydney, 31 July 2015

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 43, are in accordance with the Corporations Act 2001 and:

(a) comply with International Financial Reporting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Entity.

2. In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

Vaz Hovanessian
Chairman
Sydney, Friday, 31 July 15

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

		Consolidated	
		30 June 2014	**30 June 2013**
		$'s	**$'s**
Sales revenue	2(a)	-	-
Cost of sales	2(b)	-	-
Gross profit		-	-
Other revenue	2(a)	8,771	18,463
Selling and distribution expense		-	-
Marketing expense		-	-
Occupancy expense		-	-
Administrative expenses		(152)	(11,796)
Impairment expenses	2(b)	(1,268,239)	-
Finance costs	2(b)	(45)	-
Write back of payables arising from DOCA	2(c)	-	(5,266)
Fair value adjustment to non-current loans	2(b)	-	-
Profit before income taxes		(1,259,665)	1,401
Income tax expense	3	-	-
Profit after income taxes		(1,259,665)	1,401
Profit attributable to the members of Strathfield Group Limited		(1,259,665)	1,401
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive income for the year		(1,259,665)	1,401
Earnings per share:			
Earnings per share			
Basic (cents per share)	12	0.0004	0.0000
Diluted (cents per share)	12	0.0004	0.0000

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2014

		Consolidated	
		30 June 2014	**30 June 2013**
	Note	**$'s**	**$'s**
Current assets			
Cash and cash equivalents	19(a)	944	-
Other assets	5	262,205	308,402
Total current assets		263,149	308,402
Non-current assets			
Investments	6	-	-
Total non-current assets		-	-
Total assets		263,149	308,402
Current liabilities			
Trade and other payables	7	13,157,711	11,943,299
Total current liabilities		13,157,711	11,943,299
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		13,157,711	11,943,299
Net assets (liabilities)		(12,894,562)	(11,634,897)
Equity			
Issued capital	8	18,890,475	18,890,475
Reserves	9	910,782	910,782
Accumulated losses	10	(32,695,819)	(31,436,154)
Total equity		(12,894,562)	(11,634,897)

These financial statements should be read in conjunction with the accompanying notes.

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

	Issued capital	Accumulated losses	Reserves	Share based payments reserve	Total
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Balance at 30 June 2012	**18,890,475**	**(31,437,555)**	**910,782**	**-**	**-11,636,298**
Profit attributable to members of the parent entity	-	1,401	-	-	1,401
Other comprehensive income	**-**	-	-	-	-
Subtotal	-	**1,401**	-	-	**1,401**
Balance at 30 June 2013	**18,890,475**	**(31,436,154)**	**910,782**	**-**	**(11,634,897)**
Profit attributable to members of the parent entity	-	(1,259,665)	-	-	(1,259,665)
Other comprehensive income	**-**	-	-	-	-
Subtotal	-	**(1,259,665)**	-	-	**(1,259,665)**
Shares issued	-	-	-	-	-
Balance at 30 June 2014	**18,890,475**	**(32,695,819)**	**910,782**	**-**	**(12,894,652)**

These financial statements should be read in conjunction with the accompanying notes.

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

	Note	Consolidated 30-Jun-14 $'s	Consolidated 30-Jun-13 $'s
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(89,029)	(279,513)
Interest received		8,770	18,463
Interest and other costs of finance paid		(45)	-
Net cash (used in)/provided by operating activities	19(b)	(80,304)	(261,050)
Cash flows from investing activities			
Payment for investments		(1,268,239)	-
Net cash used in investing activities		(1,268,239)	-
Cash flows from financing activities			
Proceeds/(repayment) for borrowings/loans granted		1,349,487	260,777
Net cash provided by/(used in) financing activities		1,349,487	260,777
Net (decrease)/increase in cash and cash equivalents		944	(273)
Cash and cash equivalents at the beginning of the reporting period		-	273
Cash and cash equivalents at the end of the reporting period	19(a)	944	-

These financial statements should be read in conjunction with the accompanying notes.

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

1. Summary of accounting policies

Statement of compliance

The financial report includes the separate financial statements of Strathfield Group Limited and its controlled entities ("Consolidated Entity"). Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS'). This report was authorised for issue by the directors on 31 July 15.

Basis of preparation

The preliminary financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Liquidation basis of accounting

As a result of the Consolidated Entity's decision to close stores as a result of Optus terminating the MDA the liquidation basis of accounting has been adopted for the financial statements of the Consolidated Entity for the year ended 30 June 2011, and subsequent years as deemed necessary.

Under the liquidation basis of accounting, assets are stated at their estimated net realisable value, and liabilities are stated at their estimated settlement amounts, and the relevant estimates will be periodically reviewed and adjusted as appropriate. Assets and liabilities included in the financial statements of the EU Group are stated on the following bases;

- Items of property, plant and equipment and inventories are reflected at net realisable values which are based on the expected net sales proceeds to be received from the scrap sales of these assets,
- Trade receivables and other receivables are stated at their recoverable amounts, which are the estimated net cash proceeds to be received from the debtors,
- Cash and bank balances are presented at face value, and
- Trade payables, other payables, accruals and provisions are stated at estimated settlement amounts.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual period ended 30 June 2014 are outlined below:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9/ IFRS 9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. 1. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of	1 January 2018	The Group has not yet fully assessed the impact of the changes.	1 July 2018

		the contractual cash flows. 2. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. 3. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. 4. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.			

AASB 2013-3	Amendments to AASB 136 – Recover- able Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	The Group has not yet fully assessed the impact of the changes.	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure un-consolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	The Group has not yet fully assessed the impact of the changes.	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.	1 January 2014	The Group has not yet fully assessed the impact of the changes.	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including	^^	The Group has not yet fully assessed the impact of the changes.	^^

		incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.			
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	The Group has not yet fully assessed the impact of the changes.	1 July 2016
IFRS 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services) The core principle of IFRS 15 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the	1 January 2017	The Group has not yet fully assessed the impact of the changes.	1 July 2017

		contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.			
AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	The Group has not yet fully assessed the impact of the changes.	1 July 2014

Summary of Accounting Policies

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

(a) Principles of Consolidation

A subsidiary is any entity over which Strathfield Group Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. The effect of the application of AASB 3, Business Combinations, is explained below.

A list of subsidiaries is contained in Note 24 to the financial statements.

As at reporting date, the assets and liabilities of all subsidiaries have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where subsidiaries have entered the consolidated group during the year, their operating results have been included from the date control was obtained.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Investments in subsidiaries are accounted for at cost in the individual statements of Strathfield Group Limited.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Where equity instruments are issued in an acquisition the fair value of the instruments is the published market price at the date of exchange. Transaction costs arising from the issue of equity instruments are recognised directly in equity. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Goods and services tax

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

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

(c) Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

Strathfield Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 7 March 2009. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. The head entity of the consolidated tax group is Strathfield Group Limited.

(e) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Onerous lease Provision

The onerous lease provision comprises lease make good costs and expected future lease payments net of any expected sub-lease receipts. The provision is discounted to a net present value for any amount expected to be paid at a time exceeding twelve months.

(f) Revenue recognition

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

(g) Receivables

Trade receivables are recognised and carried at the original invoice amount which approximates net fair value. Recoverability is reviewed on an ongoing basis and debts that are known to be uncollectible are written off. A provision for doubtful debts is raised when collection of the full amount is no longer probable.

Receivables from related parties are recognised and carried at the nominal amount due and no interest is charged on outstanding balances.

All receivables have been fully impaired at 30 June 2011.

(h) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

(i) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(j) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those, which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(k) Critical Accounting Judgements and Key Sources of Estimation Uncertainly

Critical Judgements in Applying the Group's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the financial statements:

Key estimates –*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences, and previously unrecognised tax losses, as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Key estimates –*Taxation*

The Consolidated Entity's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

Key estimates –*Liquidation Basis of Accounting*

The preparation of the financial statements of the Consolidated Entity using the liquidation basis of accounting requires the Consolidated Entity to make assumptions, judgements and estimates that can have a significant impact on the assets and liabilities of the Consolidated Entity. Management bases its assumptions, judgements and estimates on the most recent information available and various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, management evaluates its assumptions, judgements and estimates and makes changes accordingly.

2. Profit/(loss) from operations

	Consolidated	
	30 June 2014 $'s	30 June 2013 $'s
(a) Revenue		
Revenue from the sale of goods	-	-
Revenue from the sale of carrier revenue	-	-
Franchise revenue	-	-
Total service revenue	-	-
	-	-
Gain on acquisition/disposal of assets	-	-
Other income	8,771	18,463

The consolidated entity has the benefit of non-interest bearing loans. A fair value adjustment has been made to reflect the market rate of interest the loans would have attracted. Further adjustments are made when there is repayment of the loan.

	30 June 2014 $'s	30 June 2013 $'s
(b) Profit/(loss) before income tax		
Profit/(loss) before income tax has been arrived at after charging the following expenses.		
Cost of sales	-	-
Impairment in inventory	-	-
	-	-
Finance costs:		
Interest relating to movement in fair value of non-current assets and liabilities	-	-
Interest due to other entities	45	-
	45	-
Impairment expenses:		
Other assets*	1,267,989	-
	1,267,989	-

*refer to note 6

2. Profit/(loss) from operations (cont'd)

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
(c) Significant items		
Profit/(loss) after income tax includes the following significant items:		
Write back of payables	-	5,266
	-	**5,266**

3. Income tax

	30 June 2014 $'s	**30 June 2013 $'s**
(a) Tax expense comprises:		
Current tax income in respect of current year	377,815	420
Effect of non-temporary differences	-	-
Effect of temporary differences	-	-
Current income tax	-	-
Effect of tax losses utilised	(377,815)	(420)
Effect of write back of payables	-	-
Total tax expense	-	-
Unrecognised deferred tax balances		
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	18,707,630	18,710,211
Temporary differences	32,850,000	32,805,000
	52,519,827	51,515,211

	30 June 2014 $'s	**30 June 2013 $'s**
(b) the prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense as follows;		
Total accounting profit before income tax	(1,259,385)	1,401
Income tax calculated at 30%	377,815	420
Add/less		
Impairment of airtime agreement	-	-
Amortisation of airtime agreement	-	-
Effect of tax losses utilised	(377,815)	(420)
Effect of other non-temporary differences	-	-
Effect of temporary differences	-	-
Effect of write back of payables	-	-
Current income tax	-	-
	-	-

3. Income tax (cont'd)

(d) Tax consolidation

Strathfield Group Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 7 March 2009. The tax-consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. The head entity of the consolidated tax group is Strathfield Group Limited.

(e) Tax losses

Any benefit from tax losses, as documented in the note on the preceding page, will only be obtained if:

(i) The Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation;

(iii) No changes for tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses;

(iv) The Consolidated Entity does not foresee probability of deriving sufficient assessable income to enable the benefit carry forward losses to be realised and to that end has derecognised its Deferred Tax Assets.

4. Remuneration of auditors

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
Auditor of the parent entity		
Grant Thornton Audit Pty Ltd		
Audit or review of the financial report*	35,000	35,000
Other services	-	-
	35,000	35,000

**Note – the audit fees have been paid for by the major shareholder and creditor*

5. Other assets

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
Creditor's trusts arising under DOCA	262,205	308,402
	262,205	308,402

6. Investments

	Consolidated 30 June 2014 $'s	Consolidated 30 June 2013 $'s
Investment All 4 Tradies	1,268,239	-
Less Impairment	(1,268,239)	-
	-	-

7. Trade and other payables

	Consolidated 30 June 2014 $'s	Consolidated 30 June 2013 $'s
Trade payables (i)	220,308	653,332
Accruals(ii)	150,000	-
Loans from related party (iii)	12,787,403	11,289,967
	13,157,711	**11,943,299**

(i) Relates to the creditors trusts arising from the Deeds of Company Arrangement.

(ii) Relates to the remaining payment for All4 Tradies

(iii) Relates to Mr Tony Hakim

8. Issued capital

	Consolidated 30 June 2014 $'s	Consolidated 30 June 2013 $'s
The company has 3,324,503,874 fully paid ordinary shares (2013: 3,324,503,874)	18,890,475	18,890,475
	18,890,475	**18,890,475**

	Consolidated 2014 No. '000	Consolidated 2014 $'s
Fully paid ordinary shares of the company		
Balance at beginning of financial year	3,324,503,874	18,677,675
Balance at end of financial year	**3,324,503,874**	18,890,475

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

(a) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consisted of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 9 and 10 respectively. The Group operates nationally, primarily through retail outlets in the markets, which the group trades. None of the group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the group's retail assets, as well as to make the routine outflows of tax, dividends and repayment of maturing debt.

9. Reserves

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
Common control reserve	910,782	910,782
	910,782	**910,782**

The formation of Strathfield Equipment Group Pty Ltd was considered a common control transaction and as a result is outside the scope of AASB 3 Business Combinations. The directors, in this situation, have a choice of using the "purchase" or "pooling" method of accounting. The pooling method as stated in FRS 6 Acquisitions and Mergers issued by the Financial Reporting Council in the UK allows for no fair value adjustment on acquisition with the acquired assets and liabilities to be recognised at their book values. The difference if any between the nominal value of shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange is shown as a movement in other reserves.

10. Accumulated losses

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
Balance at beginning of financial year	(31,436,154)	(31,437,555)
Net profit attributable to members of the parent entity	(1,259,665)	1,401
Balance at end of financial year	**(32,695,819)**	**(31,436,154)**

11. Dividends

No dividend has been paid or proposed and the directors do not recommend the payment of a dividend in respect of the current or previous financial years.

Consolidated

12. Contingent liabilities

	30 June 2014 $'s	30 June 2013 $'s
Bank guarantees	-	-
Total	**-**	**-**

Other contingent liabilities

The Consolidated Entity has, in the event of termination of a supplier agreement, a possible contingent liability arising from the termination of said agreement. Should the agreement be terminated prior to its term a currently indeterminable amount of revenue previously received will be repayable to the supplier. The directors feel that an event of termination is remote and as a result no further disclosure, other than this note, is required.

Claims and possible claims, indeterminable in amount, have arisen in the course of business against entities in the Consolidated Entity. The directors of the Consolidated Entity believe that any resultant liability will not materially affect the financial position of the Consolidated Entity.

All bank guarantees have expired during year ended 30 June 2012.

13. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy set out in note 1 (a).

Name of entity	Country of incorporation	Ownership Interest 2014 %	Ownership Interest 2013 %	Deregistered
Legal parent entity				
Strathfield Group Limited	Australia			
Accounting parent entity				
Hereford Group Pty Limited	Australia	100	100	
Strathfield Equipment Group Pty Limited	Australia	100	100	
Subsidiaries				
Strathfield Car Audio Pty Ltd	Australia	100	100	13/02/2012
Strathfield Group Wholesale Pty Ltd	Australia	100	100	13/02/2012
Strathfield Security Pty Ltd	Australia	100	100	13/02/2012
Strathfield Mobile Pty Ltd	Australia	100	100	13/02/2012
Strathfield Ventures Pty Ltd	Australia	100	100	13/02/2012
Strathfield Rentals Pty Ltd	Australia	100	100	13/02/2012
Strathfield Finance Solutions Pty Ltd	Australia	100	100	13/02/2012
Strathfield Installations Pty Ltd	Australia	100	100	13/02/2012
Strathfield Office Pty Ltd	Australia	100	100	13/02/2012
Strathfield Voice Pty Ltd	Australia	100	100	13/02/2012
Strathfield Home Centre Pty Ltd (formerly Zoom Sound and Vision Pty Ltd)	Australia	100	100	13/02/2012

14. Segment Information

The Consolidated Entity's operations are organised and managed according to the nature of the products and services they provide. The retail segment is identified as the sale of retail goods and services via the Strathfield branded store network consisting of both company and franchised stores. Franchise fees deriving from services provided to franchisees are included in this segment. The business segment is recognised as the sales of office consumables and associated services to the Small and Medium Business sector. Geographically, the group operates in one segment, being Australia.

The Consolidated Entity's chief operating decision maker has been identified as the Executive Chairman.

The Executive Chairman reviews the financial and operating performance of the business primarily from an 'end user type' perspective. On this basis management has identified two main reportable segments, retail and business.

The Executive Chairman monitors the performance of these segments separately. The Executive Chairman assesses the performance of the operating segments based on a measure of revenue, gross margin, EBITDA and profit before tax.

Basis of accounting for purposes of reporting by operating segments.

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(e) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

(f) Comparative information

Comparative information has been restated to conform to the requirements of this standard.

(g) Major customers

The Consolidated Entity has no customers to whom it provides both products and services.

The segment information provided to the Executive Chairman for the reportable segments for the year ended 30 June 2014 is provided overleaf.

14. Segment Information (cont'd)

	Retail		Business		Eliminations		Consolidated	
	30-Jun-14 $'s	30-Jun-13 $'s	30-Jun-14 $'s	30-Jun-13 $'s	30-Jun-14 $'s	30-Jun-13 $'s	30-Jun-14 $'s	30-Jun-13 $'s
Segment revenue	-	-	-	-	-	-	-	-
Total consolidated revenue	-	-	-	-	-	-	-	-
Gross margin	-	-	-	-	-	-	-	-
Other income	8,771	18,463	-	-	-	-	8,771	18,463
Operating expenses	-	(17,062)	(1,268,111)	-	-	-	(1,268,111)	(17,062)
EBITDA	8,771	1,401	(1,268,111)	-	-	-	(1,259,340)	1,401
Depreciation and amortisation	-	-	-	-	-	-	-	-
Finance costs	-	-	45	-	-	-	45	-
Segment result	8,771	1,401	(1,268,156)	-	-	-	(1,259,385)	1,401
Profit (Loss) from continuing operations before income taxes	8,771	1,401	(1,268,156)	-	-	-	(1,259,385)	1,401
Income tax benefit (expense)	-	-	-	-	-	-	-	-
Profit (Loss) from continuing operations after income taxes	8,771	1,401	(1,268,156)	-	-	-	(1,259,385)	1,401

14. Segment Information (cont'd)

	Retail		Business		Eliminations		Consolidated	
	30-Jun-14	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**
	$'s	**$'s**	**$'s**	**$'s**	**$'s**	**$'s**	**$'s**	**$'s**
Assets								
Carrying amount of segment assets	263,049	308,402	-	-	(100)	-	263,149	308,402
Consolidated total assets	263,049	308,402	-	-	(100)	-	263,149	308,402
Liabilities								
Carrying amount of segment liabilities	12,074,207	11,943,299	1,299,000	-	-	-	13,373,207	11,943,299
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Consolidated total liabilities	12,074,207	11,943,299	1,299,000	-	-	-	13,373,207	11,943,299

Secondary Segment – Geographic The Consolidated Entity operates in one geographic segment, Australia.

15. Related party disclosures

(a) Parent entity

Strathfield Group Limited is the parent entity of the Consolidated Entity.

(b) Equity interests in related parties

(c) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 15 to the financial statements.

(d) Key management personnel remuneration

Disclosures relating to key management personnel are set out in the remuneration report.

(e) Transactions between the Group and its related parties

Tony Hakim

At balance date the Consolidated Entity has total outstanding loans from Mr Hakim to the value of $12.787 million.

16. Subsequent events

Since the end of the Full Year no significant events have affected the operations of the Strathfield Group going forward.

17. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	30 June 2014 $'s	30 June 2013 $'s
Cash and cash equivalents	944	-
	944	-

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

	Consolidated	
	30 June 2014 $'s	30 June 2013 $'s
Profit for the year	(1,259,385)	1,401
Impairment of other assets	1,268,239	-
(Increase)/decrease in assets:		
Other assets	46,198	259,649
Increase/(decrease) in liabilities:		
Payables	(135,355)	
Net cash (used in) provided from operating activities	(80,304)	(261,050)

18. Parent entity information

(a) Financial information

	30 June 2014 $'s	30 June 2013 $'s
Assets		
Current assets	263,149	308,402
Non-current assets	-	-
Total assets	263,149	308,402
Liabilities		
Current Liabilities	13,157,711	11,943,299
Non-current Liabilities	-	-
Total liabilities	13,157,711	11,943,299
Net assets (liabilities)	(12,894,562)	(11,634, 897)
Equity		
Issued capital	115,912,800	115,912,800
Retained earnings	(128,807,362)	(127,547,697)
Reserves		
Total reserves	-	-
Total equity	(12,894,562)	(11,634, 897)
Financial Performance		
Profit (loss) for the year	(1,259,665)	1,401
Other comprehensive income	-	-
Total comprehensive income	(1,259,665)	1,401

19. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks including market risks, liquidity risk and credit risk. The Consolidated Entity's activities differ from those the legal parent undertook under the auspices of previous management where market risks included foreign currency, due to its overseas purchasing, and interest rate risk owing to its external borrowings.

The Consolidated Entity's principal financial instruments comprise receivables, payables, and loans bearing no interest, finance leases and cash.

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Consolidated Entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives. There have been no changes to the Consolidated Entity's exposure to financial risks or the manner in which it manages and measures these risks from the previous period.

(b) Gearing Ratio

The Consolidated Entity's audit committee reviews the capital structure on a semi-annual basis. As a part of this review the committee considers the cost of capital and risks associated with each class of capital. Based on recommendations of the committee the Consolidated Entity will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	Consolidated	
	30 June 2014 $'s	**30 June 2013 $'s**
Financial assets		
Debt (i)	12,639,454	11,288,967
Cash assets	(944)	(0)
Net debt	12,638,509	11,288,967
Equity (ii)	18,890,475	18,890,475
Net debt to equity ratio	0.67	0.60

(i) Debt is defined as long and short-term borrowings, as detailed in note 14.

(ii) Equity includes all capital and reserves.

On or about 6 February 2009, the largest shareholder of the Consolidated Entity at the time, Clear Communications (Euraust) AB, entered into an agreement with GE Commercial Corporation (Australia) Pty Limited (GE) to acquire from GE the GE debt outstanding under the Facility Agreement between GE and the Company at that time. This paved the path for and provided certainty to the success of the proposed Deed of Company Arrangement for Creditors when the Company was placed into Voluntary Administration on 27 January 2009. The GE facility is now replaced with a non-current loan owing to a related party, the largest shareholder or its associate.

The Consolidated Entity holds the following financial assets and liabilities at the reporting date:

	Consolidated	
	30-Jun-14	**30-Jun-13**
	$'s	**$'s**
Financial Assets		
Cash	944	-
Trade and other receivables	-	-
Lease receivables	-	-
Financial Liabilities		
Trade and Other Payables	220,308	653,262
Accruals	150,000	-
Related party loan	12,787,403	11,289,967

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The Consolidated Entity measures credit risk on a fair value basis.

The Consolidated Entity has a material exposure to Optus Ltd. The Consolidated Entity's maximum exposure to Optus at 30 June 2014 was $nil (2013: $nil).

As a result of the termination of the MDA by Optus this amount was reduced to nil.

The Consolidated Entity does not have any material credit risk exposure to any other single counterpart or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for impairments, represents the Consolidated Entity's maximum exposure to credit risk.

(e) Liquidity risk management

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

Maturity profile of financial assets and liabilities

The following table details the company and Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and estimated interest cash flows. Cash flows for financial liabilities without fixed amount of timing are based on the conditions existing at the reporting date.

(g) Fair value of financial instruments

	2014		2013	
	Net carrying value	Net fair value	Net carrying value	Net fair value
	$'s	$'s	$'s	$'s
Financial assets				
Cash and cash equivalents	944	944	-	-
Trade and other receivables	-	-	-	-
Trade and other receivables, non-current	-	-	-	-
Lease receivables	-	-	-	-
Lease receivables, non-current	-	-	-	-
Other financial assets	262,205	262,205	308,402	308,402
Total financial assets	**263,149**	**263,149**	**308,402**	**308,402**
Financial liabilities				
Trade and other payables	220,308	220,308	653,332	653,322
Trade and other payables, non-current	-	-	-	-
Total financial liabilities	**220,308**	**220,308**	**653,332**	**653,322**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) Lease receivables are generally repriced to a market interest rate every 6 months, and fair value therefore approximates carrying value.

(iii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.

(iv) Quoted market prices at the end of the reporting period are used as well as valuation techniques incorporating observable market data relevant to the hedged position.

(v) Discounted cash flows models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

Financial Instruments Measured at Fair Value

The financial instruments are analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);

- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Consolidated Entity currently has no financial instruments, which are subject to the fair value hierarchy described above.

20. Additional company information

Strathfield Group Limited is a listed public company, incorporated and operating in Australia.

Registered office	**Principal place of business**
64 Parramatta Rd Glebe NSW 2037	64 Parramatta Rd Glebe NSW 2037