John L
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Bush & Campbell Accountants

DIRECTORS:
C.J. Long
T.J. Fuller
S.J. Taylor
P.J. King
A.P. Powell
J.K. Maxwell
D.R.Uden
G.A. Watson

9 December 2013

The Directors
Win Securities Limited
39 Reid Street
WANGARATTA VIC 3677

Dear Sirs

Independent Accountants Report

This report is prepared for inclusion in the 16th Prospectus to be issued in January 2014 by Win Securities Limited (the Company). The Company is classified as a disclosing entity for accounting and reporting purposes with its predominant business being that of a finance company.

We have been requested that the report cover the following information:
- Historical performance of the company for the four years ended 30th June 2013
- Historical balance sheets for the four years ended 30 June 2013
- Notes to the accounts.

The financial reports for the years under review have been previously audited by Tony Hyndman Accountants and Auditors. In October 2013 ASIC cancelled the registration of Anthony Hyndman as a company auditor after his request following him entering into an Enforceable Undertaking with ASIC. John L Bush & Campbell have now been appointed as auditors.

We have examined the audited financial statements of the Company for the financial years ended 30 June 2013, 30 June 2012, 30 June 2011 and 30 June 2010. The basis of accounting used in these Financial Statements is in accordance with Australia Accounting Standards and Statutory requirements so as to present a view which is consistent with the Company's financial position and the result of its operations.

Our procedures included examination of the financial information which included the evidence to support the amounts and other disclosures included in the historical financial information and an evaluation of accounting policies and significant accounting estimates.

Based on our review, which is not an audit, we believe there are material differences in the application of Australian Accounting Standards in the years under review. This report is prepared on an exception basis and includes items in the financial report that, in our opinion, are not in accordance with the accounting framework and disclosure obligations that have been adopted by the Company.

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Accounting Treatment of Impairment Provisions

In our opinion the accounting treatment of the Company's impairment provision in the 2011 financial report is not consistent to Accounting Standard "AASB 137 – Provisions, Contingent Liabilities and Contingent Assets."

The Company had a policy of providing through equity a lending risk reserve. Amounts were allocated to the lending risk reserve directly from retained earnings. This reserve was not an impairment provision in accordance with AASB 137 – Provisions, Contingent Liabilities and Contingent Assets." In the 2010 year this balance was $165,000 and was general in nature. Discussion with Directors indicate that this balance reflects the preference by Directors to record a general impairment in equity, which is not inconsistent with AASB 137 – Provisions, Contingent Liabilities and Contingent Assets."

In 2011, a Company receivable was deemed to be impaired and a calculation of the impairment was performed (total impaired value calculated at $392,295). An amount of $227,295 was credited to the Lending Rise Reserve from retained earnings to increase the reserve to the specific impairment. In our opinion a specific impairment provision of $392,295 should have been raised as a liability and subsequently an impairment loss of $392,295 recorded in the statement of comprehensive income. In addition, a deferred tax asset of $117,689 should have been recognised at the same time in accordance with "AASB 112 – Income Taxes". This treatment would result in a change of reported profit after tax in 2011 from $313,583 to $38,977.

In the 2012 year, the 2011 comparative information was changed to transfer the lending risk reserve reported in equity of $392,295 to a liability. An additional amount of $117,000 was then credited to the impairment provision in recognition of an increase in the Directors calculation of the specific impairment. The additional $117,000 appears to be accounted for appropriately. The effect of the change to the 2011 comparative information is as follows:

Description	2012 Financials	2011 Financials	Variance
Reported closing equity for 2011	$1,075,604	$1,467,899	$392,295

There is no disclosure in the 2012 financial report about the change to the comparative financial information.

The 2012 and 2013 accounting treatment of impairment provisions appear appropriate however there is a lack of disclosures in the financial report in accordance with "AASB 137 – Provisions, Contingent Liabilities and Contingent Assets" as to the nature of the provision and the key assumption and estimates made by the Directors in accordance with "AASB 101 – Presentation of Financial Statements". Specifically the disclosures should have covered the change in accounting policy of reversal of the lending reserve (in the 2012 year), and the method that Directors calculate the provision for impairment.

Accounting Treatment of Property, Plant and Equipment

The Company owned four (4) commercial properties in 2013 and 2012 (3 in 2011 and 2010). There properties have been recorded in the financial report as property, plant and equipment and are recorded using the fair value methodology. In 2013, 37 Reid Street was owner/occupied where the other 3 properties are held for investment purposes. We make the following comments in relation to the accounting treatment and disclosures of these properties.

<u>37 Reid Street</u>

i) The Company purchased 37 Reid Street on 22 May 2012 for $727,933 from related parties of the Company. Mr Michael Noble and Mr Neil Stewart had a beneficial interest in 37 Reid Street through MSFL Pty Ltd ATF the Noble Family Trust and JACA Nominees Pty Ltd ATF the Stewart Family Trust. In order to maintain an arms length basis for the transaction, the property was valued by Opeton Valuers with a valuation date of 1 February 2012 with the market value methodology being used as the basis for the valuation ($690,000). The balance of $37,933 is attributable to stamp duty and other purchase costs. The nature of this transaction was not disclosed in the 2012 financial statements in accordance with the requirements of "AASB 124 Related Party Disclosures".

   In the 2012 Financial Report the Company wrote off the purchase costs attributable to the building purchase ($37,933). These costs were written off against the Asset Revaluation Reserve. In accordance with "AASB 116 Property, Plant and Equipment" this amount should have been expensed to the Statement of Comprehensive Income. In accordance with AASB 116 Property, Plant and Equipment Para 40 the company must account for the movement in its property, plant and equipment on an asset by asset basis and it's therefore precluded from allocating the decrease in value of this property to the Asset Revaluation Reserve due to the asset never being included previously.

ii) Depreciation of the above property is based on tax deprecation methodology and not an accounting deprecation methodology as disclosed in Note 1 to the financial report. We believe this property should be depreciated in accordance with Note 1. The depreciation expense that should have been recognised in the 2013 Financial Report is $17,250.

39 Reid Street/ 43 Reid Street/ 26 Murphy Street

i) As confirmed by the Directors during our discussion and evidenced by the collection of rental income, these properties were passively held by the Company for investment returns and capital gain purposes at 30 June 2013. As such it is our opinion that these properties should be classified as Investment Properties in accordance with "AASB 140 – Investment Property". In accordance with this standard, these properties should not be depreciated and an assessment of their carrying value should be made on an annual basis. We note these properties were not depreciated in the published financial reports although Note 1 to the financial statements state that depreciation has been applied at a rate of 2.5%.

ii) These properties have been subject to revaluations in the 2011 year and, in accordance with "AASB 140 – Investment Property", valuation increments and decrements should have been recorded in the Statement of Comprehensive Income as profit or loss rather than the Asset Revaluation Reserve. In addition the financial reports lack appropriate disclosures in regard to these Investment Properties and their valuation methodologies as required under "AASB 140 – Investment Property" and "AASB 101 – Presentation of Financial Statements."

iii) The 2010 financial reports correctly report fair values of building as per sighted valuations performed at 30 June 2008. As detailed above revaluations were performed in 2011 on all properties held. 39 Reid Street was valued by Opeton Valuers on 30/06/2011 at $400,000 however the property was incorrectly recorded in the 2011 financial report and subsequent reports at $350,000. This property was owner occupied at time of valuation and therefore an increase to the value of the property of $50,000 should have been recorded at 30 June 2011 with corresponding entries to the asset revaluation reserve ($35,000) and deferred tax liability ($15,000).

iv) It should be noted that the company occupied the premises of 39 Reid Street up to 30 July 2012 when it changed locations to 37 Reid Street. The accounting treatment and disclosures of this property should have also changed for the 2013 year.

v) In 2010, additions to 43 Reid Street carried at valuation (improvements of $16,830) were debited to the asset revaluation reserve so that the fair value of the property held was not affected. Any capital additions should have been allocated to an improvements account in the balance sheet and recorded as part of property, plant and equipment. We note that additions to properties in the 2013 year were appropriately allocated to an improvement account in the balance sheet and subsequently depreciated.

We have disclosed in this report the quantifiable changes to the financial report in relation to items of Property, Plant and Equipment as if they were recorded appropriately taking into account the requirements of "AASB 136 – Impairment of Assets", "AASB 140 – Investment Property" and "AASB 112 – Income Taxes".

Deferred Tax Accounting

In accordance with "AASB 112 – Income Taxes", deferred tax amounts should be recognised as an asset or liability in a financial report where temporary taxation timing differences exist. While the Company has adopted "AASB 112 – Income Taxes" in relation to certain transactions within the financial report, we note the following omissions:

i) There are no deferred tax entries in relation to the revaluation of the Company's four properties. This is a result of the Company not maintaining an accounting based depreciation schedule.

ii) Presently the Company has only tax adjusted impairment amounts that have been expensed through the Income Statement. As a result the initial recognition of the $392,295 impairment provision in 2011 was not tax adjusted as it was never correctly recorded through profit and loss ($117,689 understatement to deferred tax asset)

Disclosing Matters

In accordance with Accounting Standard "AASB 101 Presentation of Financial Statements" and "AASB 124 Related Party Disclosures" the Company has a requirement to report on various disclosure obligations in relation to the nature of specific transactions and assertions that exist in the Financial Report.

Further to those matters already referred to in this report the following omissions were noted:-

<u>Sources of Estimation Uncertainty</u>

In accordance with Paragraph 125 of "AASB 101 - Presentation of Financial Statements" the Company is required to disclose information about the assumptions made in the Financial Report that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Paragraph 125 states;

" An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include detail of; a) their nature; and b) their carrying amount as at the end of the reporting period"

In our opinion material assumptions to the Company's financial report that were not disclosed include the following:-

a) Key estimates and judgements in relation to the Provision for Impairment recorded in the Financial Report.

b) Assumptions in relation to the estimates and judgements of assets carried at fair value including Property, Plant and Equipment and Investment Property.

Related Parties

In addition to the related party purchase of 37 Reid Street as listed in this report there are a number of other related party transactions that have occurred during the year which are not disclosed in the financial reports under review. While theses related party transactions appear on an arm's length basis and no more favourable to either party compared to non-related transactions, these related party activities should have been disclosed in accordance with "AASB 124 - Related Party Disclosures."

i. Directors, Director related entities and relatives of Directors had funds on deposit with the Company in the years under review
ii. Two Directors (Mr Michael Noble and Mr Alistar Stewart) had beneficial interests in the entity that tenanted the Company's property at 43 Reid Street in the 2011 year (up to 16 March 2010).
iii. Items of Property, Plant and Equipment were purchased from related parties in the 2010 year that were not disclosed in the financial report ($5,755.20).

Other Matters

1) We note that a Remuneration Report has not been prepared and disclosed in the Annual Report.

2) An Audit Independence Declaration has not been completed and disclosed in the Financial Reports as required under Section 307c of the Corporations Act 2001.

3) The Audit Report issued to the members of the Company does not appear to be the required Audit Report in accordance with Auditing Standards.

4) Details of Key Management Personnel (KMP) Compensation have been disclosed in the Financial Report, however, these disclosures appear inconsistent to "AASB 124 Related Parties" in relation to the break up of short and long term compensation. Other than the movements in employee entitlements for KMP's, we note that the actual amount disclosed appear correct.

5) The Income Statement has not taken into account movements in Comprehensive Income as required in accordance with "AASB 101 Presentation of Financial Statements". In 2011 and 2012 movements that should have otherwise been shown as "other comprehensive income – net of tax" on the face of the Income Statement, such as movement in the asset revaluation reserve, were allocated directly to the Statement of Changes in Equity.

6) In the 2011 year the provision for annual leave has been incorrectly disclosed as provision for long service leave and vice versa. The adjustment has not been adjusted in our revised Financial Report as it is not deemed material.

Changes to Published Financial Reports

As a result of the errors identified during the financial years under review, the financial reports issued would have been materially different if all accounting standards were appropriately applied. We have quantified the effects of any adjustments that, in our opinion, are required to the financial reports at Appendix 1. Note we have only quantified recognition and measurement issues in relation to the financial report and not specific disclosure issues.

The Appendix is structured to identify, on a year by year basis, the material account balances that are subject to adjustment. For the purposes of this report we have not reconstructed the full financial report for each year. However, we have identified how the net asset position of the Company, equity balances and reported financial result are changed subject to our adjustments. For each year the revised reporting balances are shown as if the appropriate financial reporting framework has been adopted for the full period under review, including opening balances, to show the cumulative effect of these adjustments to equity. Any adjustments to the Statement of Comprehensive Income are adjusted to the specific year in which they relate.

General

We have consented to the issue of this prospectus with the inclusion of this report in the form and context in which it appears and have also consented to being named in this prospectus as the provider of an expert report relating to the Company but otherwise have had no further involvement in the preparation of any part of this prospectus.

Neither I nor any of the partners at John L Bush & Campbell have any interest in the promotion of this prospectus.

Sincerely,

John L Bush & Campbell

John L Bush & Campbell

Peter James King
Partner

APPENDIX 1

WIN SECURITIES LIMITED
CHANGES TO COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013

COMPARATIVE ADJUSTMENTS

Changes to the 2013 financial report: -

Statement of Financial Position

	Note	Reported Balance at 30 June 2013 $	Adjustments $	Revised Balance at 30 June 2013 $
Property, plant & equipment:				
Buildings - at valuation	1	2,373,951	(1,683,951)	690,000
Buildings - accumulated depn	2	(31,276)	14,026	(17,250)
Buildings Imp. (at cost)	3	-	102,428	102,428
Buildings Imp.- accum depn	3	-	(1,277)	(1,277)
Investments:				
Investment property - at val.	1	-	1,575,000	1,575,000
Investment Improvements.	4	-	54,955	54,955
Other financial assets:				
Deferred tax asset	5	56,600	39,826	96,426
Net Assets		1,001,685	101,007	1,102,692
Equity				
Issued capital		140,932	-	140,932
Share premium reserve		(47,221)	-	(47,221)
Revaluation reserve	6	234,433	(224,608)	9,825
Retained earnings		634,893	332,501	967,394
Current earnings		38,648	(6,886)	31,762
Total equity		1,001,685	101,007	1,102,692
Financial Performance				
Revenue		3,326,130	-	3,326,130
Expenditure	2	3,270,919	12,061	3,282,980
Net profit before tax		55,211	(12,061)	43,150
Income tax expense	5	16,563	(5,175)	11,388
Net profit after tax		38,648	(6,886)	31,762
Other comprehensive income net of tax		-		
Total comprehensive income		38,648	(6,886)	31,762

APPENDIX 1

Notes

1. Being reclassification of properties as investment property
2. Being adjustment of depreciation expense associated with the building occupied by Win Securities
3. Being improvements and depreciation associated with the the occupied property
4. Being improvements associated with the investment properties since 2011 revaluation
5. Deferred tax adjustment associated with the above entries
6. Write-back of accumulated depreciation on 39 Reid St on transfer from PPE to investment property

WIN SECURITIES LIMITED
CHANGES TO COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2012

COMPARATIVE ADJUSTMENTS

Changes to the 2012 financial report: -

Statement of Financial Position

	Note	Reported Balance at 30 June 2012 $	Adjustments $	Revised Balance at 30 June 2012 $
Property, plant & equipment:				
Buildings - at valuation	1	2,215,000	(1,815,000)	400,000
Buildings - accumulated depn.	2	(24,810)	14,810	(10,000)
Investments:				
Investment property - at val.	1	-	1,865,000	1,865,000
Other financial assets:				
Deferred tax asset	4	50,424	84,978	135,402
Net Assets		963,037	149,788	1,112,825
Equity				
Issued capital		140,932	-	140,932
Share premium reserve		(47,221)	-	(47,221)
Revaluation reserve	1,4	234,433	(151,106)	83,327
Retained earnings		541,526	331,612	873,138
Current earnings		93,367	(30,718)	62,649
Total equity		963,037	149,788	1,112,825
Financial Performance				
Revenue		3,499,654	-	3,499,654
Expenditure	2	3,366,273	44,216	3,410,489
Net profit before tax		133,381	(44,216)	89,165
Income tax expense	4	40,014	(13,498)	26,516
Net profit after tax		93,367	(30,718)	62,649
Other comprehensive income net of tax		-	-	-
Total comprehensive income		93,367	(30,718)	62,649

APPENDIX 1

Notes

1. Being reclassification of properties held as investment property
2. Being adjustment of depreciation expense associated with the building occupied by Win Securities
3. Being improvements associated with the investment properties since 2008 revaluation
4. Deferred tax adjustment associated with the above entries

WIN SECURITIES LIMITED
CHANGES TO COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2011

COMPARATIVE ADJUSTMENTS

Changes to the 2011 financial report: -

Statement of Financial Position

	Note	Reported Balance at 30 June 2011 $	Adjustments $	Revised Balance at 30 June 2011 $
Property, plant & equipment:				
Buildings - at valuation	1	1,525,000	(1,125,000)	400,000
Buildings - accumulated depn.	2	(21,093)	21,093	-
Investments:				
Investment property - at val.	1	-	1,175,000	1,175,000
Other financial assets:				
Deferred tax asset	5	16,782	81,978	98,760
Payables:				
Provision for impairment	4	-	(392,295)	(392,295)
Net Assets		1,467,899	(239,224)	1,228,675
Equity				
Issued capital		140,932	-	140,932
Lending risk reserve	4	392,295	(392,295)	-
Share premium reserve		(47,220)	-	(47,220)
Revaluation reserve	1,5	272,366	(189,039)	83,327
Retained earnings		395,943	642,162	1,038,105
Current earnings		313,583	(300,052)	13,531
Total equity		1,467,899	(239,224)	1,228,675

Financial Performance

	Note	Reported Balance at 30 June 2011 $	Adjustments $	Revised Balance at 30 June 2011 $
Revenue		3,360,796	-	3,360,796
Expenditure	2,4	2,912,820	430,538	3,343,358
Net profit before tax		447,976	(430,538)	17,438
Income tax expense	5	134,393	(130,486)	3,907
Net profit after tax		313,583	(300,052)	13,531
Other comprehensive income net of tax		-	25,655	25,655
Total comprehensive income		313,583	(274,397)	39,186

Notes

1. Being reclassification of properties held as investment property
2. Being reversal of depreciation applied on pre-revaluation buiding improvements
3. Being the transfer of investment property revaluation in 2011 from reserves to retained earnings
4. Being ádjustment to provide for impaired loan balance
5. Deferred tax adjustment associated with the above entries

WIN SECURITIES LIMITED
CHANGES TO COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2010

COMPARATIVE ADJUSTMENTS

Changes to the 2010 financial report: -

Statement of Financial Position

	Note	Reported Balance at 30 June 2010 $	Adjustments $	Revised Balance at 30 June 2010 $
Property, plant & equipment:				
Buildings - at valuation	1	1,584,000	(1,191,000)	393,000
Buildings - accumulated depn.	2	(16,681)	(2,969)	(19,650)
Investments:				
Investment property - at val.	1	-	1,191,000	1,191,000
Investment improvements	3	-	16,830	16,830
Payables:				
Deferred tax asset/(liability)	4	15,564	(18,875)	(3,311)
Net Assets		1,373,376	(5,014)	1,368,362
Equity				
Issued capital		140,992	-	140,992
Lending risk reserve		165,000	-	165,000
Share premium reserve		(47,220)	-	(47,220)
Revaluation reserve	1,4	331,366	(273,572)	57,794
Retained earnings		494,819	271,066	765,885
Current earnings		288,419	(2,508)	285,911
Total equity		1,373,376	(5,014)	1,368,362
Financial Performance				
Revenue		2,887,000	-	2,887,000
Expenditure	2	2,474,973	5,455	2,480,428
Net profit before tax		412,027	(5,455)	406,572
Income tax expense	4	123,608	(2,947)	120,661
Other comprehensive income net of tax		-	-	-
Total comprehensive income		288,419	(2,508)	285,911

Notes

1. Being reclassification of properties held as investment property
2. Being adjustment of depreciation associated with the building occupied by Win Securities
3. Being improvements associated with the investment properties since 2008 revaluation
4. Being the deferred tax entries as a result of adjustment of the above