

Investment Essentials

ARSN: 126 223 470

Investment Accumulation Plan (now called Investment Essentials)

Annual financial report

For the financial year ended
30 June 2011

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
ARSN: 126 223 470
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2011**

TABLE OF CONTENTS

PAGE

3-4	Directors' Report
5	Lead Auditor's Independence Declaration
6-7	Independent Auditor's Report to the Investors
8	Directors' Declaration
9	Statement of Comprehensive Income
10	Statement of Financial Position
11	Statement of Changes in Equity
12	Statement of Cash Flows
13-17	Notes to the Financial Statements

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

The directors of Questor Financial Services Limited (ABN 33 078 662 718), the Responsible Entity of The Portfolio Service Investment Accumulation Plan, present this report together with the financial statements of the The Portfolio Service Investment Accumulation Plan ('the Scheme'), an investor directed portfolio service like ('IDPS-like') plan for the year ended 30 June 2011 and the auditor's report thereon.

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The Scheme's principal activity during the course of the financial year was to receive directions from members on the monies invested through the Scheme on their behalf by the Responsible Entity for the purchase of accessible investments such as listed equities, listed trusts, listed notes and managed investments set out in the Scheme's Product Disclosure Statement and in accordance with the provisions of the Scheme's constitution. Scheme's members may also receive capital and income distributions on accessible investments they purchase, hold or sell through the Scheme.

There were no significant changes in the nature of the Scheme's activities during the year.

The Scheme did not have any employees during the year.

Responsible Entity

The following persons held office as directors of Questor Financial Services Limited during the year and up to the date of this report:

Mr I. Blair (Chairman)

Mr J. Pfeiffer (Resigned 30 June 2011)

Mr I. G. Griffiths

Ms J. Harvey

Mr C. Kelaher

Dr R. N. Sexton

Mr G. Venardos

Review of operations

During the year, the Scheme continued to invest funds as directed by the Scheme members and their financial planners.

Results

The results of the operations of the Scheme are disclosed in the Statement of Comprehensive Income of these financial statements. The net profit from ordinary activities for the financial year ended 30 June 2011 was \$Nil (2010: \$Nil).

Distributions

The Scheme is an Investor Directed Portfolio Service-like (IDPS-like) scheme under Class Orders 02/296, 04/608 and 04/735 of the *Corporations Act 2001* (as amended). Members have a vested and indefeasible right to the net income arising from accessible investments within their investment portfolio.

Significant changes in state of affairs

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year under review.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Matters subsequent to the end of the financial year

Except as disclosed in the financial statements, no other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Scheme in future financial years.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the provisions of the Scheme Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operation of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the directors and officers of Questor Financial Services Limited against liabilities to persons outside Questor Financial Services Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its Related Parties

Details of fees paid to the Responsible Entity during the financial year are disclosed in Note 4 of the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

The interests in the Scheme held by the Responsible Entity or its related parties as at the end of the financial year are disclosed in Note 4 of the financial statements.

Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 5 and forms part of the directors' report for the year ended 30 June 2011.

Signed in accordance with a resolution of the directors of Questor Financial Services Limited.

On behalf of the directors,



Mr C. Kelaher
Director

Melbourne, 22 September 2011



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Questor Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Mitch Craig

Mitch Craig
Partner

Melbourne

22 September 2011



Independent auditor's report to the unitholders of The Portfolio Service Investment Accumulation Plan

Report on the financial report

We have audited the accompanying financial report of The Portfolio Service Investment Accumulation Plan (the Scheme), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Questor Financial Services Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards and the provisions of the constitution, as amended, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.



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 The Portfolio Service Investment Accumulation Plan is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.


KPMG



Mitch Craig
Partner

Melbourne

22 September 2011

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

The directors of Questor Financial Services Limited, the Responsible Entity of The Portfolio Service Investment Accumulation Plan ("the Scheme") declare that:

- (a) the financial statements and notes set out on pages 9 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2011 and of its performance for the year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Scheme 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 directors of Questor Financial Services Limited.

On behalf of the directors,



Mr C. Kelaher
Director

Melbourne, 22 September 2011

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Revenue from continuing operations	200,374	133,869
Expenses - fees	200,374	133,869
Net Income	<u>-</u>	<u>-</u>
Other comprehensive income	-	-
Profit/(loss) for the year / Total Comprehensive Income	<u><u>-</u></u>	<u><u>-</u></u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	30 June 2011 \$	30 June 2010 \$	30 June 2009 \$
<u>Assets</u>			
Receivables	-	-	-
Total assets	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
<u>Liabilities</u>			
Other payables	-	-	-
Total liabilities	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
Net assets	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
Total Equity	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>

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

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Total recognised income and expense for financial year	<u>-</u>	<u>-</u>
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial year	<u>-</u>	<u>-</u>

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

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

	Note	Year ended	
		30 June 2011	30 June 2010
		\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Fees received		200,374	133,869
Responsible entity fees paid		(200,374)	(133,869)
Net cash inflow/(outflow) from operating activities	5	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year		<u><u>-</u></u>	<u><u>-</u></u>

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

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Note 1: General information

This financial report covers The Portfolio Service Investment Accumulation Plan (the "Scheme") as an individual entity. The Scheme is a registered managed investment scheme under the *Corporations Act of 2001* and an investor directed portfolio service like scheme ('IDPS-like') under Class Order 02/296, 04/608 and 04/735 of the *Corporations Act of 2001* (as amended). The Scheme commenced on 1 July 1998. The Scheme will terminate on 30 June 2078 unless terminated earlier in accordance with the provisions of the Scheme Constitution.

The Responsible Entity of the Scheme is Questor Financial Services Limited. The Responsible Entity's registered office is Level 22, 207 Kent Street, Sydney, NSW, 2000. The Responsible Entity's ABN number is 33 078 662 718.

The financial statements were authorised for issue by the directors on 22 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial report as considered necessary under Scheme's Constitution.

Note 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text:

(a) Basis of preparation

This general purpose financial report for the year ended 30 June 2011 has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporation Act 2001*. The financial report of the Scheme complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

(b) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities on the Statement of Financial Position.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Revenue and expenses are recognised in the Statement of Comprehensive Income on an accrual basis of accounting.

(d) Income tax

Under current legislation, the Scheme is not subject to income tax.

(e) Receivables

Receivables may include amounts for fee income and other amounts not received and are recognised initially at fair value. Fee income is recognised in accordance with the terms of the contract.

(f) Payables

Payables includes liabilities and accrued expenses owing by the Scheme which are unpaid as at balance date.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Note 3: Financial risk management

Strategy in using financial instruments

The Scheme's activities exposed it to a variety of financial risks: credit risk, liquidity risk, market risk (including price risk and interest rate risk).

The Scheme's overall risk management program focuses on ensuring compliance with the governing documents of the Scheme. Financial risk management is carried out by the investment managers of the various unitholdings offered by the Scheme.

The Scheme is an investor Directed Portfolio Service-like ('IDPS-like') scheme. Members make individual selections of investments into various unlisted unit trust investments, listed equities, term deposits and listed trusts which are available through the Scheme. Each unlisted unit trust has its own investment objective. Periodically management reviews the performance of the investments offered by the Scheme.

More details about risk management policies employed by the Scheme to manage financial risks are discussed below:

Credit risk

Credit risk is the risk that a counterparty will fail to perform its contractual obligations, either in whole or in part, under a contract resulting in a financial loss to the Scheme.

Credit risk primarily arises from investment in debt securities. Other credit risk arises from cash and cash equivalents, deposit with banks and other financial institutions and amounts due from brokers.

The Scheme has no significant concentrations of credit risk exposure to counterparties at 30 June 2011 and 30 June 2010.

As at 30 June 2011 and 30 June 2010, there are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Credit risk in the Scheme is managed by the individual investors. In the event that a counterparty defaults on their obligation, the loss is borne by the individual investors.

Liquidity and cash flow risk

Liquidity risk is the risk that a Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments when they become due. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

The liquidity and cash flow risk is borne directly by the members not the Scheme.

Market price risk

Market price risk is the risk that the value of the Scheme's investment portfolio or investment income will fluctuate as a result of changes in market prices such as interest rates and equity prices. Unexpected conditions (e.g. economic, technological or political) can have a negative impact on the returns of all investments within a particular market. Examples of this would be a sudden decline in share and property prices, which affects the value of all shares and listed property securities, or a general rise in interest rates, which would adversely influence the value of fixed interest and property investments.

The market risk is borne directly by the members not the Scheme.

Interest rate risk

Interest rate risk is the risk that the returns on investments and investment value will fluctuate due to changes in interest rates.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's overall interest sensitivity position on a daily basis.

The interest rate risk is borne directly by the members not the Scheme.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Note 4: Related party transactions

Responsible Entity

The Responsible Entity of The Portfolio Service Investment Accumulation Plan is Questor Financial Services Limited.

The immediate parent entity and the ultimate controlling entity of Questor Financial Services Limited is IOOF Holdings Ltd.

Key management personnel

Key management personnel includes persons who are directors of Questor Financial Services Limited during this reporting period and up to the date of this report:

Mr I. Blair (Chairman)
Mr J. Pfeiffer (Resigned 30 June 2011)
Mr I. G. Griffiths
Ms J. Harvey
Mr C. Kelaher
Dr R. N. Sexton
Mr G. Venardos

Responsible Entity fees and other transactions

	30 June 2011	30 June 2010
	\$	\$
Responsible Entity fees:	151,554	99,000
Investment fees:	48,820	34,869

Under the terms of the Scheme's constitution, the Responsible Entity, Questor Financial Services Limited, is entitled to receive management fees comprised of Administration fees, Expense Recovery fees, Transaction fees, Account keeping fees and Advice fees.

All related party transactions are conducted on normal commercial terms and conditions.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Note 4: Related party transactions (continued)

Key management personnel compensation

Key management personnel are remunerated by Questor Financial Services Limited. Payments made from the Scheme to Questor Financial Services Limited do not include any amount that is directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related parties at any time during the reporting period.

Other transactions within the Scheme

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors interests subsisting at year end.

Key management personnel investments

At 30 June 2011 and 30 June 2010, no directors of the Responsible Entity held units in the Scheme.

Note 5: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Profit/(loss) for the year	-	-
Changes in operating assets and liabilities	-	-
Net cash inflow/(outflow) from operating activities	-	-

Note 6: Auditor's remuneration

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
(a) Audit services		
Audit and review of financial reports	12,100	11,400
Other regulatory audit services	9,030	9,000
Total remuneration for audit services	21,130	20,400

Auditor's remuneration is paid by the Responsible Entity.

Note 7: Events subsequent to reporting date

No significant events have occurred after the reporting date that affect the interpretation of the financial information contained within this report.

Note 8: Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2011 and 30 June 2010.

**THE PORTFOLIO SERVICE INVESTMENT ACCUMULATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Note 9: Restatement of comparative period

During the period, in order to reflect that the assets and liabilities (resulting revenue and expense) are owned by the members and not the Scheme, certain items in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows have been reclassified. This has resulted in restatement of prior period amounts in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows as set out below:

	2010 Annual Report \$	Restatement \$	2010 Restated Report \$
Revenue from continuing operations	618,937	(485,068)	133,869
Expenses - fees	135,540	(1,671)	133,869
Net Income	483,397	(483,397)	-
Total comprehensive income	238,906	(238,906)	-
Total Assets	8,289,463	(8,289,463)	-
Total liabilities	167	(167)	-
Net assets	8,289,296	(8,289,296)	-
Cash flows from operating activities	(1,846,157)	1,846,157	-
	2009 Annual Report \$	Restatement \$	2009 Restated Report \$
Total Assets	5,902,882	(5,902,882)	-
Total liabilities	12,918	(12,918)	-
Net assets	5,889,964	(5,889,964)	-