countplus

ANNUAL REPORT

2013

About Countplus

Countplus is a professional services aggregation network of 21 businesses and their subsidiaries across Australia; 18 accounting/business advisory firms, one financial planning specialist, a property services group and a financial planning dealer group. We operate out of 37 offices in 19 towns and cities across Australia, with over 600 employees.

Countplus' strategic objectives are to:

- Promote organic growth by developing a best practice accounting and wealth advice network through the sharing of ideas, practices and systems across the Group;
- Pursue growth through further acquisitions of minority stakes in stand-alone businesses and full acquisitions of businesses by existing subsidiaries;
- Join with new partners that share our goal of delivering outstanding quality services and advice to clients; and
- Capitalise on access to both the resources and network of Count Financial, a franchise group of nearly 300 accounting firms and a subsidiary of Commonwealth Bank of Australia, which will facilitate ongoing growth opportunities.

Contents

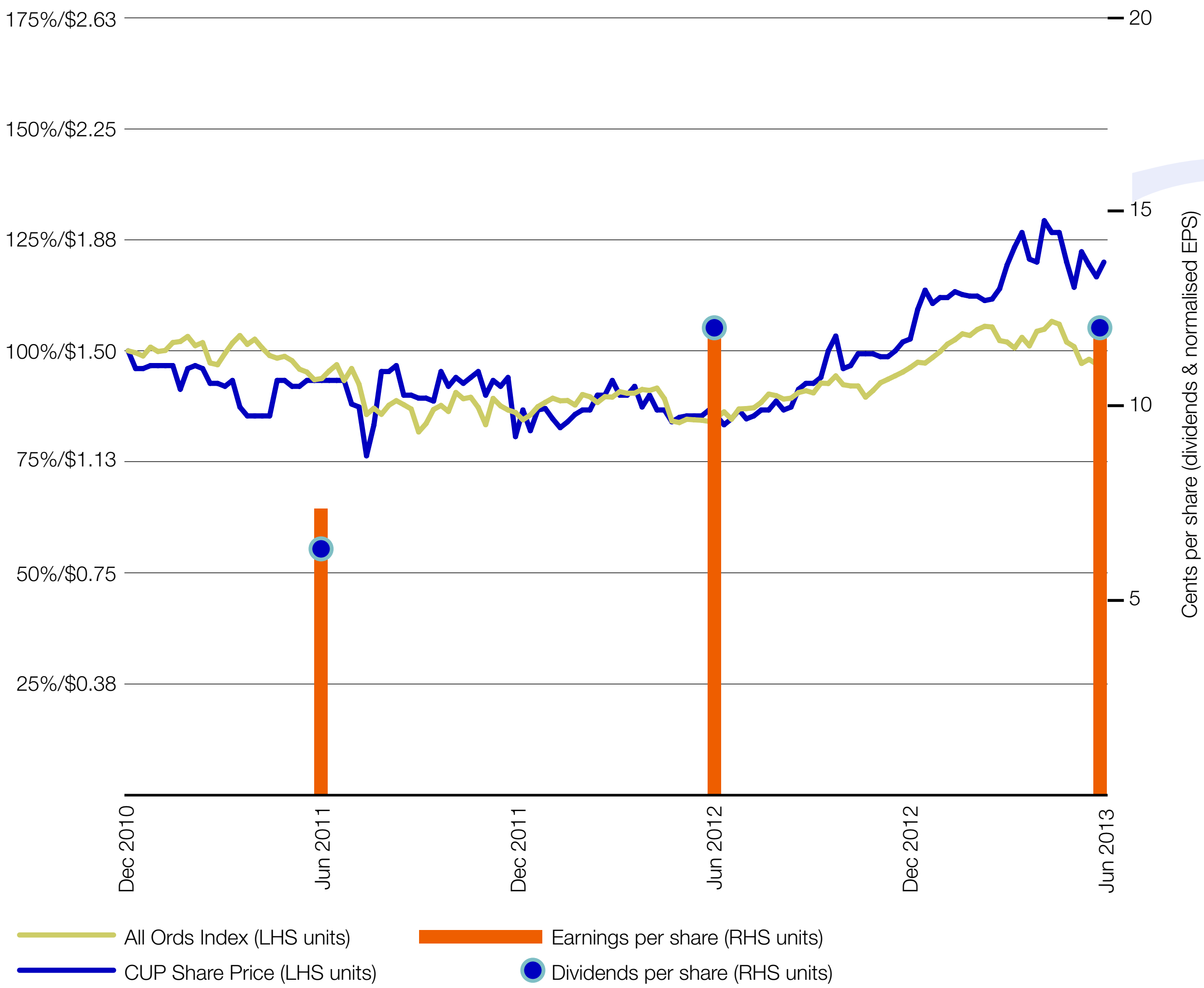
Financials

Financial Highlights

	2013	
Operating Profit (EBITA)*	$19.74m	Up 2%
Consolidated Net Profit before Tax	$14.97m	No Change
Consolidated Net Profit After-Tax (NPAT)	$11.08m	Down 2%
Diluted Earnings Per Share	9.98 cents	Down 2%
Dividend Per Share	12c declared and paid for full year ended June 2013	No Change
Member Contribution Margin (Total Net Member Income / Net Member Revenue)	22%	No Change

*Excludes non-cash adjustments and share based payments

Countplus (ASX: CUP) Earnings Per Share (EPS) & Dividends V Share Price



*All Ords and CUP prices are weekly closing prices
*EPS excludes amortisation expenses and non-cash fair value adjustments
*2011 EPS excludes non-recurring tax consolidation benefit of $1,187m

Financial Summary

	2011 $'000	2012 $'000	2013 $'000	2012/2013 Change %
Total Net Member Revenue [1]	**80,091**	**90,378**	**93,666**	**3.6%**
Total Member Expenses [2]	**(62,831)**	**(70,728)**	**(73,513)**	**3.9%**
Net Member Income [3]	**18,260**	**19,650**	**20,153**	**2.6%**
Head Office Contribution [4] (Net Cost)	(300)	(297)	(902)	
Share of Profits from Associates [5]	**–**	**–**	**486**	**–**
Operating Profit (EBITA)	**17,960**	**19,353**	**19,737**	**2.0%**
Non-Operating Income	288	165	397	
Share Based Payments	(303)	(301)	(351)	
Interest Expense [6]	(967)	(779)	(1,040)	
Amortisation Expenses [7]	(3,280)	(3,556)	(3,373)	
Non-cash Adjustments	4,716	101	(399)	
Profit before Tax	**18,414**	**14,983**	**14,971**	**–**
Tax	(5,535)	(3,673)	(3,888)	5.9%
Consolidated Net Profit after Tax [8]	**12,879**	**11,310**	**11,083**	**(2.0%)**
Current Assets	30,388	30,244	35,172	16.3%
Current Liabilities	28,912	22,429	22,127	(1.3%)
Current Ratio	**1.05**	**1.35**	**1.59**	
Non-Current Assets	58,201	63,883	66,454	4.0%
Non-Current Liabilities	10,977	18,095	27,514	52.1%
Net Assets	**48,700**	**53,603**	**51,985**	**(3.0%)**
Net Debt [9]	**(8,116)**	**2,360**	**9,255**	

Countplus is made up of 21 subsidiaries (Member Firms). The financial statements presented within this Annual Report provide the consolidated financial information of Countplus Head Office and its Member Firms. The first part of the financial summary above, presents the results of these Member Firms excluding Countplus Head Office. The second part of the table reconciles the summary to the consolidated net profit after tax figure of $11.08 million, as presented in the consolidated statement of comprehensive income.

Notes to Financial Summary

1. Net Revenue

Revenues are primarily for accounting and related services, but also include financial planning related revenue, revenue from loans & equipment financing, insurance commissions, property sales commissions and property services.

Accounting related revenue was up 2.1% for the year, reflecting challenging business conditions. Member Firm financial planning revenue was up 4.6% over the period, the increase being organically driven, and made up 20.8% (2012: 19.9%) of total group net revenue. This included a benefit from loyalty payments made by the Commonwealth Bank, as a result of the takeover of Count Financial, to Count Financial franchisees (also paid in the prior period). 17 Member Firms are franchisees of Count Financial.

Property and related services revenues contributed 4.1% of total Member Firm net revenue for the year (2012: 1.6%), due to a full year contribution from property services group, Pacific East Coast (PEC).

Legal revenue dropped $1.9m (70.3%) over the period as the legal subsidiaries of one of the Group's Perth based Member Firms were exited. These businesses have been a drag on the Company's results. Legal revenues now make up less than 1% of total group net revenue (2012: 2.9%).

2. Expenses

Total Member Firm expenses increased by 3.9%. Employment related costs are the Group's largest expense (77.2% of total member operating expenses), with over 600 employees across the Group. These were impacted by acquisitions and also by additional resourcing for some Member Firms, particularly in financial planning in anticipation of improved investor sentiment and appetite for advice.

Non-employment related operating expenses were assisted by lower provisioning expensed for doubtful debts. Our prudent provisioning policy, implemented in 2012, has not changed.

3. Net Income from Member Firms (Contribution Margin)

Net income from Member Firms was $20.2m, (up 2.6%) for the period. This equates to a margin of 22% of income (2012: 22%).

4. Head Office Contribution

This relates to Countplus Corporate Head Office. It is expected that Head Office will only have a mildly negative (less than 5% of operating profit) financial impact on Countplus' performance going forward.

5. Share of Profits from Associates

This item is primarily made up of the Group's share of profits from its 25% interest in South Australian professional services firm, Hood Sweeney, acquired in October 2012.

6. Interest Expense

Interest expense for the period rose primarily from a loan facility with the Commonwealth Bank of Australia. These funds were drawn down to fund new acquisitions and pay for deferred consideration on acquisitions made during the period, or in prior periods.

7. Amortisation Expenses

Amortisation expenses of $3.4m (2012: $3.6m) relate primarily to an accounting requirement to write down the value of intangible assets, acquired client relationships and adviser networks (non-cash), over their expected lifetime. A conservative diminishing value method is used to amortise these assets, ensuring that the proportional impact of this line item should reduce over time.

8. Net Profit Result

Net profit after tax was down 2.0% due to a slightly higher tax expense for the period. Annual tax expense is expected to normalise at 30% of profits in future periods.

9. Net Debt

Debt has increased due to a number of acquisitions/ investments made during the period and also the settlement of some deferred consideration payments on previous period acquisitions.

Chairman's Report

Barry Lambert
EXECUTIVE CHAIRMAN

Countplus Limited (ASX Code: CUP) – Profits & Dividend

On behalf of our Directors, I am pleased to report a Net Profit after Tax (NPAT) of $11.08m. This was another solid result, bearing in mind the economic and political environment resulting in a subdued business environment for many small and medium sized businesses (SME's). This profit was after a non-cash amortisation charge of $3.34m and an on-going conservative debtor provisioning policy .

A full year fully franked dividend of 12c per share was paid for the 2012/13 year, via quarterly 3c dividends. This is a high pay-out ratio as a percentage of after tax "cash" profits, the cash pay-out ratio is approximately 92%. Our aim is to allow the pay-out ratio percentage to fall as profits rise over time. At this time, I can see no reason as to why the dividend will fall in 2013/14, but I will give our first formal guidance at our AGM on 12 November 2013.

As reported elsewhere in this Annual Report, we have approved a number of small "tuck-in" acquisitions during 2012/13 and more are in the pipeline. We have also acquired a 25% interest in a larger firm, Hood Sweeney. These new investments have been funded from retained cash earnings and borrowings. Our net debt at 30/06/13 was $9.26m, with interest cost covered 15.4 times by consolidated profit.

Countplus is a long term business builder. Like the tree on the front cover, Countplus aims for steady organic growth from its existing Member Firms, supplemented by mainly "tuck-in" acquisitions. However, over the next few years we intend to grow our business more rapidly by our new and exciting "C+2" Accountants' Succession Model – see below.

Countplus' existing Member Firms are established, profitable and at the same time learning from one another to become even better businesses.

Change Accountants' "Virtual Partnership" (www.changeaccountants.com.au) is leading our accounting franchise initiative, their expertise with Cloud Computing systems will make the franchise both unique and attractive to the profession and especially so when combined with Countplus' unique equity (full & part) succession solutions.

Exciting New Accountants' Succession Model – "C+2"

Our succession offering for accounting firms, to be acquired on a progressive part ownership basis subject to meeting performance hurdles, has been well received by the accounting profession. The interest in this model has encouraged us to announce an expansion of our plans, see page 10 for further information. Now accounting Principals have another option when it comes to: financing the retirement of a partner; the purchase of fees; or the merger with another firm.

In brief, our aim is to work towards the listing of a new entity (internally known as "C+2") in the 2016/17 financial year. "C+2" will see accounting firms jointly owned (51-60%) by other ASX shareholders (including CUP) and by existing Principals & New Principals (40-49%).

"CUP" Share Price Performance v Dividends & Earnings Per Share (EPS)

The graph on page 4 shows the performance of CUP versus ASX All Ords, EPS and Dividends. The CUP share price has performed above the market, largely due to the high dividend (8%FF on $1.50 listing price and 6% FF on $2). Over time, as liquidity increases, the share price should track both the EPS growth and dividend growth and eventually it should align more with the EPS performance. You can rest assured that your Directors and our largest combined shareholder group, the Principals of our Member Firms, are fully aware that the growth in CUP's share price will be largely dependent on the growth in EPS.

CBA Shareholding

I am pleased to report the Commonwealth Bank of Australia remains the largest shareholder of Countplus, although collectively the Principals of the Member Firms remain the largest group of shareholders.

In summary, Countplus is young in its life as a group, but the Member Firms are established, strong and experienced. They are also progressive, profitable and collectively form the foundation for Countplus' expansion as well as expected healthy growth over the years and decades to come.

Thank you for being a Countplus shareholder.

Barry Lambert
Executive Chairman
Countplus Limited

Michael James Spurr
MANAGING DIRECTOR, CEO AND CFO

Chief Executive Officer's Report

I am pleased to present my report for 2013. Our results, as noted by the Chairman, reflect continued challenging operating conditions but also the strength of our Group's diversity, both geographically and in the range of client services provided. We have essentially a portfolio of independently run businesses with a presence in every mainland capital city, as well as a number of regional centres.

The Group

Countplus is now made up of 21 Member Firms: 18 Members offer traditional tax and accounting services to individuals and small to medium sized businesses (SMEs); 17 Members offer financial planning services as franchise members of the Count Wealth Accountants group; Total Financial Solutions (TFS), a financial planning dealer group consisting of over 60 advisers; and Pacific East Coast, a property services group that also consists of an accounting practice, operates a property research and broking division and has a responsible entity and management division.

Accounting and business services (including audit and self-managed superannuation fund administration) make up 69% of revenues, with financial planning contributing 21%, property 4% and the remaining income being generated by subscription fees and other ancillary services.

Results

The Group announced an operating profit result of $19.74 million, up 2% and net profit after tax of $11.08 million, down 2%.

Our results highlight the difficult operating conditions faced by our businesses, particularly weak confidence in the SME sector. The uncertainty surrounding the Federal Election also strongly contributed to the poor business conditions. We reasonably expect some improvement in business confidence once a new stable Federal Government is in place.

Of our accounting based businesses, our strongest performers were our property group, Pacific East Coast (acquired in February 2012) and our Brisbane based firms: Cooper Reeves, Change Accountants and Specialised Business Solutions. It was also pleasing to see the strong recovery of some of our other businesses following a relatively weak 2012, such as regional Victorian firm, Mogg Osborne (see page 9), NSW central coast firm, Robson Partners and Sydney firm, Countplus MBT.

Negatively impacting our result was a $1.9m (70%) fall in revenue from legal related services. This was due to the exiting of our legal businesses, which have been a drag on the company's results for the last 2 years.

Accounting

For our accounting based businesses, regular compliance work required by clients annually remains core to our Member Firms operations. Due to relationships built up over many years, not many clients are lost and new clients are steadily accumulated. What we have seen in recent years is a reduction in discretionary spending by small business clients, which is the core of the client base for many of our Member Firms. As business sentiment improves, which we would expect from the impact of sustained low levels of interest rates and the federal election now behind us, discretionary spending should respond positively.

Financial Planning

Member Firm financial planning revenue grew by 5%. With investment markets enjoying strong growth during the year, the appetite for investing, particularly amongst retail investors (our core market) has improved and is expected to flow through into our 2014 results. Our largest profit contributor is financial planning dealer group, Total Financial Solutions (TFS). With a strong focus on personal insurance advice, TFS is an attractive home for advisers seeking to remain outside the institutionally-owned groups. During the year, 8 new adviser businesses were recruited with their contributions beginning to take effect in the 2014 financial year. Most of our other Member Firms are licensed under Count Financial (a Commonwealth Bank subsidiary) to provide financial planning advice.

The financial planning industry has undergone significant reforms that have been in the planning stages for a number of years with implementation beginning in 2013/14. Our financial planning businesses have reported confidence of compliance with these new regulatory requirements, although preparation for this has been a distraction over the last 12 months in particular.

Property

One of the highlights for the year was the performance of our property services group, Pacific East Coast, reflecting a noticeable improvement in investment property conditions, particularly on the eastern seaboard of the country.

Chief Executive Officer's Report continued

New Partners

We continue to consider and take advantage of opportunities to grow by either partially investing and/or fully acquiring well-performing accounting & business advisory firms.

This year we welcomed a number of new Members to the Group, the largest being a 25% interest in Hood Sweeney (see page 11), the first investment under our progressive acquisition model. Member Firm, Change Accountants also took a 30% interest in My Accounts, a book keeping business operating on the east coast (see page 12). Member Firm, Kidmans Partners acquired 2 sole practitioner businesses in Lilydale, Victoria. In June 2013, Member Firm, 360 Financial Vision acquired the financial planning arm of Advantage Accountants and Business Consultants, based in Port Macquarie, NSW. The accounting arm of this business was acquired in July 2013. We finished the year in negotiations with a number of firms in relation to potential investment/acquisition, many of whom were subsequently finalised post year end.

In May 2013, we announced an intention to accelerate our progressive acquisition model. Currently titled "C+2" (see page 10), this offers the opportunity for larger accounting based businesses to participate in a potential new ASX listing in which Countplus will be the sponsor and major shareholder.

I have previously stated that Countplus is ideally positioned to attract and retain quality staff, as our Firms are able to effectively offer all the advantages of working in a medium sized business with the added bonus of support from a large listed company. Importantly, this includes the chance to be rewarded with equity in Countplus, a listed company. Our first issue of 486,889 loan funded shares was granted in January 2013 to 50 employees. Additionally, all employees (excluding Principals), with one year or more service, received up to $1,000 worth of CUP shares in April 2013 under our loyalty (tax-exempt) plan.

Opportunities

The rapid pace of technological change in the accounting industry (in which our group primarily operates) is becoming particularly interesting. New technological engines are enabling compliance work to be delivered faster, with more efficiency, whilst providing real time information to allow accountants to provide more value-add services. Firms that are slow to adapt cannot expect to rely on long-term client relationships, they are increasingly starting to lose clients to those that are taking advantage of these new developments. Many of our accounting firms have been at the forefront of embracing technological innovation and have positively influenced others in the Group.

A case in point is the area of Self-Managed Superannuation Funds (SMSF), which now number over 500,000 (representing over 900,000 members), growing by between 5,000 and 10,000 funds per quarter and representing more than 30% of the total Superannuation market. The stunning growth in this sector has been driven by more Australians choosing to take greater control over their retirement savings and can be expected to continue. I noted last year that many of our Member Firms (who now have approximately 3,000 SMSFs) are using a technology platform, Class Super (Class), which substantially improved their SMSF administration efficiency. Though a relatively new player in the sector, Class now has around 45,000 contracted SMSFs. Importantly it allows Firms to keep the administration of their funds "in-house", negating the need to outsource off-shore or to institution-owned administrators. In July 2013, we announced an investment in Class Super's parent, Super-IP, signalling our support for solutions that assist accountants improve efficiency in what is a key component of their business.

Our Group has a bright future ahead. Our existing Member Firms should continue to generate stable organic growth by a combination of providing new services and utilising technology, in order to develop greater efficiencies and attract new clients. Acquisition opportunities (particularly in the accounting space) are expected to continue to present themselves, driven by our Group's unique advantages as part of a listed company, as well as the realities of the industry's demographics. Importantly, for our accounting based Member Firms, the core client base is the SME sector, ensuring they are essentially plugged into the engine room of our economy.

I would like to acknowledge the teams at all our Member Firms across the country, they provide outstanding service to their clients each and every day. I would also like to thank my hard working Head Office team, as well as the Chairman and the Board of Directors for their continued support. Finally to our shareholders, thank you for being investors in Countplus.

Michael James Spurr
Managing Director and Chief Executive Officer
Countplus Limited

Member Profile: Mogg Osborne

Est. 1954
MOGG OSBORNE & CO. PTY. LTD.
Certified Practising Accountants

Mogg Osborne Directors (from left): Rod Mcleod, Richard Osborne & Peter Mogg

Mogg Osborne is a professional services firm within the rich food producing area of the Goulburn Valley, with offices in Cobram, Northern Victoria and Finley, Southern NSW. The firm has a team of 36, making them one of the largest employers in the local area. They offer a complete array of professional services, ranging from individual tax returns to complex audits, company and financial planning assignments. Their client base includes 600 business groups operating across a diverse range of industries.

Mogg Osborne has been a member of Countplus since 2008 and was one of the top performers in the Group in 2013. This result is all the more pleasing given the series of challenges the region has faced over the last eight years, including droughts, flood and bushfires. The business responded to these events by enhancing their expertise in areas such as Centrelink services and Government Grants, in order to provide opportune assistance to their rural clients dealing with the effects of natural disasters. “Our firm’s main strengths are the strong relationships we build with our clients and the value added services we provide them.” says Peter Mogg, one of the Firm’s three Directors, “We need to ensure that we are able to provide advice quickly to our clients and ensure that they know what options are available to them in very difficult circumstances.”

Mogg Osborne is a proud part of the local community, actively supporting local businesses & participating in numerous local events, “We like to make our staff feel like they are part of a large family,” says Peter, “this helps us work well together as a team, something that we are very proud of.”

For Mogg Osborne, team development has always been a key priority, with a particular focus in providing opportunities to younger staff, supporting and mentoring them through their studies and industry qualifications. During the year, two team members, Amy Herbert and Zac Hanson, were the proud Victorian state winners of the CPA Big Break Project, an annual nationwide major Accounting body competition for students.

Founded in 1954 by Peter’s father, Mogg Osborne will celebrate its 50th anniversary next year and the Directors are excited about the future. “New technologies are fundamentally changing how accounting services are being delivered and will be delivered in the future” Peter says, “We have already been active in adopting new ‘cloud’ based solutions, enabling us to focus more of our attention on real value accretive work for our clients, but the real opportunities lie ahead”.

Some of the Mogg Osborne team in their new Cobram office (from left): Amy, Brett, Lisa, Annette & Ginetta

Acquisition and Investment Strategy

Countplus continues to seek to partner with quality professional services practices around Australia.

Advantages of Joining Countplus:

- Enabling businesses to be part of an established ASX listed company (ASX: CUP), or potentially a new ASX listed company ("C+2", see part 3 below);
- A regular income stream (paid in the form of quarterly franked dividends);
- Access to the expertise of the wider Countplus Network, enhancing internal efficiencies;
- Access to capital to fund growth (such as "tuck-ins") and working capital;
- Assistance with succession planning; and
- Aligned ownership and incentive models to attract and retain quality employees.

Most importantly, in the Countplus aggregation model, management is decentralised:

- There is no requirement for stand-alone firms to rebrand;
- Principals will retain management responsibility for their firm;
- There is minimal change to strategic direction; and
- Minimal change to day-to-day operations, allowing businesses to operate largely independently.

The ChangeGPS team

There are 3 different ways firms can become involved in Countplus:

1. Building a High Performance Firm – No Equity Interest

We have an online subscription service, ChangeGPS (www.changegps.com.au), that provides over 200 accounting firms with "best practice" tools, templates and showcases technology solutions. It aims to help practitioners build a high performing business. Firms can simply subscribe, with no future commitments or lock-ins. We expect to use this service as a basis to launch an accounting franchise, where we can further assist firms to build a more valuable business.

2. "Tuck-in" Acquisitions

This is where one of our existing Member Firms acquires or invests in the business directly. There is no minimum size requirement, the only criteria is compatibility with one of our existing Member Firms. During the last financial year, Countplus Member Firms completed 4 "tuck-ins".

3. For Larger Businesses – Progressive Acquisition and Potential ASX listing ("C+2")

In October last year Countplus acquired its first investment under its progressive acquisition model, a 25% stake in South Australian firm, Hood Sweeney (see page 11). In May 2013, Countplus announced an expansion of that model, currently called "C+2". Should sufficient scale be reached of further investments in similar quality large accounting based businesses, Countplus propose to aggregate these investments into a new ASX listed entity. This new aggregation business will be made up of part interests (51%-60%) in these successful firms. Principals of these firms will retain direct ownership of 40-49% of their business after listing, retain management control and importantly, have an initial holding in the proposed new listed entity. Countplus is expected to remain "C+2"'s largest minority shareholder. A minimum profit hurdle to qualify for consideration in "C+2" is $2 million in net profit before tax by the time of the expected listing, currently expected to be in 3-4 years.

The key criteria for acquisitions is quality. We are seeking to partner with businesses that are already profitable and successful in their own right.

Member Profile: Hood Sweeney

Hood Sweeney is a South Australian professional services firm with over 80 staff located across Adelaide, Whyalla and Kadina. For over 35 years, Hood Sweeney has provided valued advice to individuals and small to medium sized businesses. Last October, Countplus became a 25% shareholder in the business.

Managing Director, Matthew Rowe highlights that "Hood Sweeney is not your traditional professional services firm. We pride ourselves on being big enough to deal with any challenge that confronts our clients, but small enough to engage personally and build strong relationships.

Our clients come to Hood Sweeney because they know from these relationships we can deliver valued advice across four key specialist areas:

- accounting and business advisory services;
- financial planning and investment services;
- technology services; and
- finance procurement services.

Our clients really value being able to obtain a range of business and personal financial services from one integrated provider. It is our differentiator and we work very hard as a firm to ensure we communicate internally to ensure seamless service delivery to our clients".

The firm also prides itself on its extensive community involvement and supports a large number of charitable groups, most notably Youth Opportunities, a leadership organisation for at risk students in secondary school.

Matthew highlights the journey that the firm itself has taken, "Three years ago, we set ourselves an ambitious vision for 2015 and undertook some important strategic steps. This included a merger and acquisition strategy, significant investment in our people and strengthening our corporate governance with the appointment of an independent Chairman, Dr Andrew Holsman, in June 2009."

Dr Holsman, a former managing partner at a Big 4 accounting firm, notes that Hood Sweeney had experienced significant growth over recent years, ranking twice in the BRW Top 10 fastest growing firms, "Whilst we were pleased with this result, we recognised that it was time to prepare for the next stage in our business and this aligned partnership with Countplus will help us to achieve that."

Over the past eighteen months, the firm has applied particular focus to its business development activities. Matthew states, "Like any healthy business, you need to constantly keep adding new clients to keep it vibrant, but you also need to ensure you focus on building and

Hood Sweeney Directors (from left): Chairman, Dr Andrew Holsman & Managing Director, Matthew Rowe

Hood Sweeney Directors (from left): Keith Rutherford, Nicholas Edwards & Adrian Zoppa

developing existing strong relationships. In 2012, we recruited a business development manager to work with our Directors and staff to enhance our client engagement model, as well as lift our profile in the South Australian market. We also recently put all eighty staff through an in-house business development and client engagement training program."

The investment has paid off and Hood Sweeney has seen almost a 50% increase in new business compared to the previous year, and in addition have been able to extend other service lines to their clients. Furthermore, Hood Sweeney's local profile has been raised substantially, mainly in the health sector where it has secured preferred provider arrangements with the South Australian chapters of the Australian Medical Association and the Royal Australasian College of Surgeons.

"Our clients say to us that they like working with successful companies like Hood Sweeney as it helps to make them more successful," says Matthew.

Member Profile: My Accounts

My Accounts is a professional bookkeeping business operating in Sydney, Melbourne and Brisbane. In May 2013, Countplus Member Firm, Change Accountants & Advisors (Change) took a 30% equity stake in My Accounts.

Company founder, Simon Allsop, left his career with a Big 4 accounting firm and started the business in 2007, after recognising a need for a high quality book keeping offering for small businesses that could provide timely, clear and meaningful financial reports. "At the time, the bookkeeping market was completely un-regulated and bad-bookkeepers seemed to be the cause of many small businesses' struggle," Simon explains, "The simple concept of 'clarity' in regular financial reporting, and audit-style checklists for recurring tasks is the foundation of the service we provide."

Beginning with just a single client and no staff, the business has grown to twenty staff operating from three offices and working with over two hundred business clients. In order to ensure a high quality service, My Accounts has built a strong team by hiring tertiary qualified accountants and supporting their continued study though industry qualifications. "The goal of our business is two-fold." Simon continues, "Firstly we want to grow a significant business on the Australian east coast. We believe that we can help both business owners and their trusted financial advisors make the right decisions by providing reliable and accurate information. Secondly, we want to revitalise the image of 'bookkeepers' in Australia as a professional arm of the accounting profession. Recent changes in technology, particularly Cloud Accounting which reduces most of the mundane tasks in a bookkeeper's schedule, are making this possible."

So why Countplus? Simon believes that partnering with Countplus very much supports the businesses' growth ambitions, "As the business continues to grow at a steady pace, it will become increasingly important to have the highest level of professional resources and support that a listed group can provide."

Tim Munro, Managing Principal at Change is excited to be involved with My Accounts, "My Accounts is a professional bookkeeping business with a great reputation in the industry. Their systems and processes are key areas that set them apart from competitors. Simon has also created a fantastic team culture which is very similar to the team culture we have at Change, and with both businesses being on the forefront of both the development and utilisation of new technologies, investing in My Accounts was an easy decision to make."

The My Accounts team

CUP in the Community

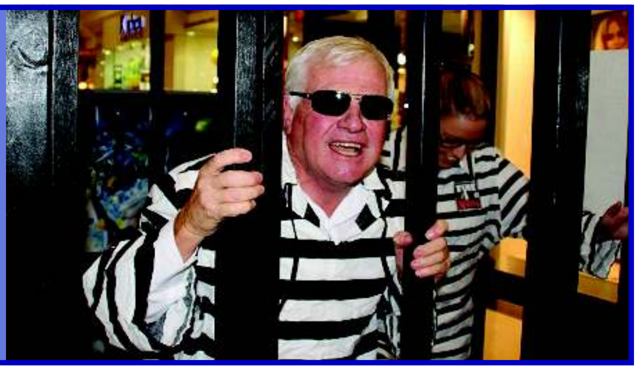
Our Countplus Member Firms are active participants in their local communities and support their team members that are involved in charitable and community work. Over the last year, our Member Firms and their staff have raised funds for numerous worthwhile causes. A small selection is included here:

Inspired by the experience of a friend and client of the firm with a daughter fighting leukaemia, Beames Directors Andrew Nesbitt & David Rae completed the gruelling Fitz's Challenge Cycle Classic, a 165km course that included over 3,000m of climbing in a ride time of just over seven hours. Together they raised over $2,300 for The Kids' Cancer Project, a charity focussed on finding cures for childhood cancer.

Left: Beames Directors (from left): Andrew Nesbitt & David Rae

The team at Twomeys organises monthly morning tea fund raising events where the funds are donated to agreed charities. Over the course of the year, they have raised over $12,500 for charities that provide research, support and advocacy for people diagnosed with cancer, including the Prostate Cancer Foundation and the Cancer Council.

Right: Twomeys Managing Principal Andrew Pryor dressed as a gaolbird as part of the Twomeys morning tea fundraiser



David Hodge and Chris King from Twomey's Wagga office shaved their heads in April 2013 on stage at the Count Financial Annual Conference in Cairns, raising $51,304 for the Ovarian Cancer Foundation Australia.

Left: Twomeys Directors (from left): David Hodge & Chris King shaved their heads at the Count Annual Conference in Cairns

In March 2013, Mogg Osborne employees and families took part in the Cobram Barooga Relay for Life. In the eight weeks leading up to the relay, the Mogg Osborne Cancer Crunchers (their team name) held numerous fundraising events such as "Have your Car Washed by an Accountant", where the team washed over 80 vehicles in 4 hours. Overall the Mogg Osborne Cancer Crunchers raised $17,850, the largest contribution made by any team in the relay.

Right: Mogg Osborne staff dressed in their "Secret Garden" theme for the "Cobram Barooga Relay for Life"

Countplus Board Profiles

Barry Martin Lambert

FCPA, SF Fin, Affiliate ICAA
Executive Chairman
Member of Countplus Board
Member of Acquisitions Committee
Member of Risk & Compliance Committee

Barry Lambert established Count Financial in 1980. Prior to establishing Count, Barry worked for 19 years within the Commonwealth Bank of Australia. Barry was a Founding Director of the industry body ASIFA (now the FPA) in 1982 and was elected NSW President in 1985 and National President of ASIFA in 1988.

Barry is also the Chairman of the CBA owned Count Financial Limited, a Director of many Countplus Member Firms, as well as a Director of the Count Charitable Foundation.

Outside of the Count / Countplus group, Barry is also the Chairman of the Class Super companies, a rapidly growing cloud based IT software solutions business specialising in Self-Managed Superannuation Funds administration.

Michael James Spurr

B.Com, CPA, F Fin, Affiliate ICAA
Managing Director, Chief Executive Officer & Chief Financial Officer
Member of Countplus Board
Member of Acquisitions Committee
Member of Remuneration & Nominations Committee
Member of Risk & Compliance Committee

Michael Spurr joined Count Financial in February 1996 and has held senior managerial positions within Count's compliance, business development, research, member services and paraplanning teams. Michael was also a member of Count's research committee from 1999 to 2010.

Michael was the Chief Financial Officer of Count from 2005 to 2010 and has been a Director of Countplus since 2007.

Michael ran the project team for the Countplus IPO and was appointed Countplus Chief Executive Officer on 8 November 2010.

Michael is also either a Director or alternate Director to 23 Countplus subsidiaries.

Philip Stephen Rix

B.Bus, FCA, F Fin
Executive Director
Member of Countplus Board
Member of Acquisitions Committee
Member of Risk & Compliance Committee

Philip Rix established the accounting firm Bentleys in Western Australia in 1999. It has now grown to be one of Countplus' largest Member Firms.

Phil's professional expertise spans more than 30 years of managing accounting firms which has included an extensive auditing career, the establishment of a growing business advisory services division as well as initiating the formation of a highly respected financial planning practice now rated as one of the top 10 in WA with the Dealer Group, Count Financial Limited.

In 2008 Phil was appointed to the Bentleys Australia National Management Board. The Bentleys Network represents 10 offices across Australia with combined turnover in excess of $75m and employing more than 400 staff.

Phil has also been actively involved in Finsia (previously known as the Securities Institute of Australia) where he was the lead lecturer in their core unit "Investment Analysis and Valuation" and has sat on The State Education Committee for the Institute of Chartered Accountants in Western Australia. He was also worked as an advisor appointed by AusIndustry to provide business planning and business assessment advice to SME's.

Phil was appointed a Director of Countplus in April 2012.

Graeme Hilton George Fowler

B.Bus, CPA, MAICD
Independent Non-Executive Director
Member of Countplus Board
Chair of Board Audit Committee
Member of Acquisitions Committee
Member of Remuneration & Nominations Committee
Member of Risk & Compliance Committee

Graeme Fowler is currently Managing Director and Chief Executive of listed legal firm aggregator, ILH Group Limited.

He was previously Group Chief Executive of listed Accounting & Financial Services aggregator WHK Group Limited (now Crowe Horwath) from 2003 to 2007.

Prior to this, Graeme spent over 15 years in senior management roles with the BT Financial Group including Group Chief Financial Officer, Chief Executive BT Funds Management NZ and Chief Executive BT Portfolio Services.

Graeme was appointed a Director of Countplus in August 2010.

Donald Kenneth Sharp

CPA, FAICD
Independent Non-Executive Director
Member of Countplus Board
Member of Board Audit Committee
Chair of Acquisitions Committee
Member of Remuneration & Nominations Committee
Member of Risk & Compliance Committee

Don Sharp is a Certified Practising Accountant and worked for public practice firms before commencing, in partnership, in his own practice which was successfully merged with a larger practice.

Don co-founded Bridges Financial Services whose business covered financial planning, stockbroking, corporate advice and established one of the first platforms in Australia. Don was also the Chairman of Investors Mutual, Global Value Managers, Premium Investors and a Director of Treasury Group.

Don is currently CEO and Director of Payment Adviser Group, an innovative payment and reconciliation solution.

Don was appointed a Director of Countplus in September 2010.

David Maxwell Smith

B.Bus, FICAA, FCPA, FAICD, CISA
Non-Executive Director
Member of Countplus Board
Member of Board Audit Committee
Member of Acquisitions Committee
Member of Remuneration & Nominations Committee
Chair of Risk & Compliance Committee

David Smith is a founding Director of Smithink 2020 Pty Limited, an accounting firm best practice group which focuses on professional firm management, strategy and process innovation.

David is also a regular speaker on topics relating to the future of the accounting profession, practice strategy, process improvement and innovation.

In 2003, David was the National President of the Institute of Chartered Accountants in Australia and for over 16 years was a partner at leading mid-tier accounting firm PKF Sydney (now BDO Sydney) where he created a significant software business which was sold to MYOB.

David is currently an external adviser to numerous accounting businesses.

David was appointed a Director of Countplus in August 2010.

Arlette Jubian

M.Com, CPA, SA Fin
Company Secretary

Arlette Jubian is the Group Financial Controller for Countplus.

Arlette has 16 years of experience in the commercial accounting field, having worked in professional services (legal), construction (architecture), technology and financial industries. For over 10 years, Arlette held senior accounting positions working with senior management running local and global listed and unlisted organisations.

Arlette was appointed Company Secretary of Countplus in June 2012.

Corporate Governance Statement

The Board is responsible for the overall corporate governance of Countplus, including adopting the appropriate policies and procedures and seeking to ensure Countplus Directors, management and employees fulfil their functions effectively and responsibly.

The Board has adopted corporate governance policies and practices by reference to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments" (ASX Recommendations). Where Countplus' practices depart from the ASX Recommendations, Countplus intends to work towards compliance but does not consider that all practices are appropriate for the size and scale of Countplus' operations.

Countplus' main policies and practices (by reference to the ASX Recommendations) are summarised below.

PRINCIPLE 1 > Lay Solid Foundations for Management and Oversight

The Board has ultimate responsibility for setting policies regarding the business and affairs of Countplus for the benefit of Shareholders and other stakeholders. The Board delegates management of Countplus' resources to senior management, under the leadership of the CEO, to deliver the strategic direction and objectives determined by the Board.

The Board and management have agreed on their respective roles and responsibilities and the Board has adopted a Board Charter that details the Board's functions and responsibilities and the areas of authority delegated to senior management.

The Board has established a Remuneration & Nominations Committee which, amongst other functions, will evaluate the performance of the CEO /CFO.

Responsibilities

The responsibilities of the Board include:

- Reviewing and approving the strategic plan for the Company with involvement in planning and goal setting for the Company and its intended growth;
- Monitoring the performance of the Company and its management team;
- Selecting and appointing the Managing Director and/or CEO, planning for the succession of senior management and setting appropriate remuneration packages;
- Setting clearly defined lines of authority from the Board to the Managing Director and/or CEO;
- Agreeing on performance indicators with management;
- Taking appropriate steps to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- Establishing and monitoring policies directed at ensuring that the Company complies with the Law and conforms to the highest standards of financial and ethical behaviour;
- Ensuring that the Company is adhering to reporting systems and appropriate internal controls (operational and financial) together with appropriate monitoring of compliance activities; and
- Ensuring that the Company accounts are true and fair in conformity with Australian Accounting Standards (AAS) and the *Corporations Act 2001* (Cth).

Countplus' management is required to supply the Board with information in a timeframe, form and quality that will enable it to effectively discharge its duties and to request additional information, if required, to make informed decisions. This is facilitated by the Company Secretary, who is responsible for completion and dispatch of Board agendas and briefing materials, and is accountable to the Board through the Chairman on all governance matters.

PRINCIPLE 2 > Structure of the Board to Add Value

Recommendation 2.1 of the ASX Recommendations states that a Board should comprise of a majority of independent Directors. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgment. Directors are considered to be independent if they are not a member of management and if they are free of any business or other relationship that could materially interfere with the independent exercise of their judgment. The Board will consider the materiality of any given relationship on a case by case basis and will adopt materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Countplus Board is currently made up of six Directors, three of whom are Non-Executive Directors.

An entity controlled by David Smith, Smithink Pty Limited (ACN 079 245 239) was engaged as an adviser to Countplus during the period from January 2007 to May 2010 to assist with due diligence on the Member Firms when Countplus first acquired an interest in the Member Firms. Smithink has also been engaged to provide consulting services to a number of Countplus Member Firms and runs conferences where there are often Countplus Member Firms in attendance. Having regard to the nature and extent of the work performed by Mr Smith, the Board has determined that Mr Smith is not an independent Director.

Graeme Fowler and Donald Sharp have not been employed by Countplus and are not associated with any of Countplus' substantial Shareholders. Accordingly, Mr Fowler and Mr Sharp are each considered to be independent Directors.

The Board believes that the current Non-Executive Directors bring the appropriate perspective to the Board's consideration of strategic, risk and performance matters and are well placed to exercise appropriate judgement and review and constructively challenge the performance of management. The Board further considers that the existing Board structure is appropriate for Countplus' current operations and stage of development, despite the fact that it does not have a majority of independent Non-Executive Directors.

The Chairman, Barry Lambert, is not an independent Chairman. Notwithstanding Recommendation 2.2 of the ASX Recommendations which provides that the Chairperson of the Board should be independent, the Board believes that this departure is appropriate given Mr Lambert's role in the Company's formation and the extensive experience he brings to the Board.

The Remuneration & Nominations Committee has the responsibility for planning succession in Board appointments, subject to Board and Shareholder approval. The Remuneration and Nominations Committee consists of three Non-Executive Directors, as well as the CEO.

Countplus will, from time to time, engage the services of external parties to carry out evaluations on individual Directors, the Board Committees and the Board as a whole. Such evaluations will involve self-assessments and third party assessments.

PRINCIPLE 3 > Promote Ethical and Responsible Decision Making

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Ethics and Conduct ("Code") to be followed by all employees and officers of the Company. The key aspects of this Code are to:

- act honestly, with integrity, fairness and equity;
- observe the rule and spirit of all laws and regulations which govern the operation of Countplus, its business environment and its employment practices;
- act in the best interest of Countplus, except where to do so contravenes any other ethical standards;
- avoid any real or perceived conflict of interest; and
- use company resources and property properly.

Countplus also has in place a Share Trading Policy which applies to all staff, Directors and contractors of the Company. The Policy prohibits these individuals from dealing in the Company's securities (e.g. shares) when they are in possession of price-sensitive information, as defined by the *Corporations Act 2001* (Cth). The Share Trading Policy also restricts Directors and employees in possession of price sensitive information, from trading in Countplus securities outside of the "share trading window". The "share trading window" is the period between 24 hours and 30 working days after the release of Countplus' half-year and full-year results announcement to the ASX. The Share Trading Policy is circulated twice a year to Directors, key management personnel and anyone who is in possession of price sensitive information, along with an email reminding them of their obligations to abide by the Share Trading Policy.

A copy of the Code and the Share Trading Policy are available on the Company's website (www.countplus.com.au).

Diversity Policy and Gender Diversity

The Company values diversity and recognises the benefits diversity can contribute to achieve the Company's goals. Accordingly, the Company has developed a Diversity Policy ("Policy"), which outlines the Company's diversity objectives in relation to gender, age, cultural background, and ethnicity, amongst the other areas specified in the Policy, a copy of which can be found on the Company's website. This Policy includes the Company's requirement to establish measurable objectives for achieving diversity, as well as the requirement to assess and report annually the Company's progress in achieving these objectives to the Board.

The Company promotes its diversity Policy through regular communication of the Policy (at least bi-annually) to all staff, including Directors and Member Firm staff. This dissemination of the Policy greatly assists in applying and developing a shared and inclusive understanding of the Policy across the Company. The Company also addresses discrimination and harassment through prevention and awareness of the Company's Policy. The Company believes that it should hire, develop, promote and retain people strictly on the basis of their talents, experience, commitment and performance.

The Company also has a number of initiatives in place which assist in achieving, fostering and supporting the Policy, including:

- Retention of key employees: creating an environment of growth, advancement and retention for all staff, regardless of gender, age, cultural background, and/or ethnicity;
- Communication plan: circulating the Policy bi-annually to highlight expectations around behaviour consistent with encouraging diversity;
- Feedback mechanism: encouraging feedback and tracking performance of diversity through employee surveys;
- Flexible work practices: flexible working hours are accepted and encouraged within the Company to assist with improving diversity within the Company;
- Hiring: employees and Directors are selected from a diverse candidate pool;
- Development and career progression: as part of the Company's succession planning process, well-performing staff are identified for career progression. A management leadership program (Emerging Leaders) is in place to assist staff in reaching senior management roles and is open to all staff;
- Review: the Company reviews objectives and the progress made against these objectives on an annual basis. In particular, reporting on participation and placement of women in leadership positions is evaluated;
- Other internal Group policies: these are supportive and complementary to the Policy, including the "Grievance Policy", "Code of Ethics and Conduct Policy" and "Whistle Blowers Policy".

The Company's Diversity Policy outlines gender diversity and its commitment to creating a fair, equitable and respectful workplace, where women are supported in an inclusive environment, are given recognition based on individual merit and are considered for opportunities to advance and succeed. As part of its commitment to improving gender balance in the workplace, the company has adopted the ASX Corporate Governance Council's recommendations, including a target for female participation within the company as follows:

	Target % by 2016	Actual % 2013	Actual % 2012
Number of women employees in the whole organisation	40% – 60%	56%	57%
Number of women in senior Executive positions	40% – 60%	38%	32%
Number of women on Member Firms' Boards	40% – 60%	11%	7%
Number of women on the Board	40% – 60%	0%	0%

PRINCIPLE 4 > Safeguard Integrity in Financial Reporting

The Board requires the CEO/CFO to provide letters of assurance to the Board that Countplus' financial reports present a true and fair view, in all material respects, of Countplus' financial position and operational results and that the reports are prepared in accordance with the relevant accounting standards.

The Board has established an Audit Committee.

Audit Committee

This Committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee. Graeme Fowler acts as the Chair of the Committee.

As set out in Countplus' Audit Committee Charter, the Committee's primary functions include:

- overseeing the process of financial reporting, internal control, risk management and compliance and external audit;
- monitoring Countplus' compliance with laws and regulations and Countplus' own Code of Conduct and Ethics;
- facilitating effective relationships with and communication between the Board, management and Countplus' external auditor; and
- evaluating the adequacy of internal processes and controls established to identify and manage areas of potential risk and to seek to safeguard Countplus' assets.

It is the policy of Countplus that its external auditing firm be independent. The Committee review and assess the independence of the external auditor on an annual basis.

PRINCIPLE 5 > Make Timely and Balanced Disclosures

Continuous Disclosure and Shareholder Communication

Countplus is committed to observing its disclosure obligations under the ASX Listing Rules. Countplus has adopted a Continuous Disclosure Policy which establishes procedures aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to, the timely disclosure of material price sensitive information.

The Continuous Disclosure Policy is disclosed on Countplus' website.

PRINCIPLE 6 > Respect the Rights of Shareholders

Countplus is committed to keeping Shareholders informed of all major developments affecting Countplus' state of affairs relevant to Shareholders, in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of announcements with the ASX and the publishing of information on Countplus' website.

In particular, Countplus' website will contain information about Countplus, including media releases, key policies and the Charters of Countplus' Board Committees. All relevant announcements made to the market and any other relevant information will be posted on Countplus' website as soon as this information has been released to the ASX.

PRINCIPLE 7 > Recognise and Manage Risk

The identification and proper management of Countplus' risk is an important priority of the Board. Countplus has therefore adopted a Risk Management Policy, which is disclosed on Countplus' website. This Policy highlights the risks relevant to Countplus' operations, and Countplus' commitment to designing and implementing systems and methods appropriate to minimise and control its risk. This Policy ensures:
- regular reporting to the Board by the CEO on Countplus' key risks and the management of those risks; and
- assurances are provided from the CEO/CFO about the soundness and effectiveness of Countplus' risk management and internal compliance and control system.

The Risk and Compliance Committee and the Audit Committee are responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Risk & Compliance Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all members of the Board are members of this Committee. David Smith, who is a Non- Executive Director, acts as the Chair of the Committee.

As set out in Countplus' Risk & Compliance Committee Charter, the Committee's primary functions include:
- reviewing and monitoring the effectiveness of Countplus' internal control processes; and
- monitoring Countplus' compliance with the Law, the contracts it has entered into and best practices.

Acquisitions Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all members of the Board are members of this Committee. Donald Sharp, who is a Non- Executive Director, acts as the Chair of the Committee.

As set out in Countplus' Acquisitions Committee Charter, the purpose of the Committee is to review and approve certain investment, acquisition, and divestiture transactions proposed by Countplus' management.

PRINCIPLE 8 > Remunerate Fairly and Responsibly

The remuneration structure for Non-Executive Directors is clearly distinguished from that of the Executive Directors. The Board has therefore established a Remuneration & Nominations Committee.

Remuneration & Nominations Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee. The Chair to this Committee is an independent Non-Executive Director appointed by rotation.

As set out in Countplus' Remuneration & Nominations Committee Charter, the primary functions of the Committee are to make recommendations to the Board on:
- remuneration and incentive policies for Executive Directors and senior management;
- Countplus' recruitment, retention and termination policies for senior Executives; and
- remuneration and incentive policies for Non-Executive Directors.

Directors' Report 2013

Your Directors present their report on the consolidated entity consisting of Countplus Limited and the entities it controls, for the financial year ended 30 June 2013.

Board of Directors and Company Secretary

The following individuals were Directors of Countplus Limited during the financial year and up to the date of this report:

Name	Position	Date of Appointment
Barry Martin Lambert	Executive Chairman	10 August 2007
Michael James Spurr	Director Chief Executive Officer/Chief Financial Officer/Managing Director	10 August 2007 8 November 2010
Philip Stephen Rix	Executive Director	1 April 2012
Graeme Hilton George Fowler	Independent Non-Executive Director	26 August 2010
Donald Kenneth Sharp	Independent Non-Executive Director	6 September 2010
David Maxwell Smith	Non-Executive Director	26 August 2010
Arlette Jubian	Company Secretary	20 June 2012

Information on Directors including their experience, expertise and other current directorships (including former directorships in the last 3 years) of publicly listed companies, is contained in the Board Profile Report on pages 14-15.

Meetings of Directors

The Board of Directors has an Audit Committee, a Risk & Compliance Committee, an Acquisitions Committee and a Remuneration & Nominations Committee. The Members acting on the Committees of the Board, the number of meetings held during the year ended 30 June 2013, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit Committee		Risk & Compliance Committee		Acquisitions Committee		Remuneration & Nominations Committee	
Name	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Barry Martin Lambert	Executive Chairman	6 / 6		6 / 6 [1]	Member	5 / 5	Member	5 / 5		2 / 2 [1]
Michael James Spurr	CEO/CFO/ Managing Director	6 / 6		6 / 6 [1]	Member	5 / 5	Member	5 / 5	Member	1 / 2
Philip Stephen Rix	Executive Director	5 / 6		5 / 6 [1]	Member	4 / 5	Member	4 / 5		2 / 2 [1]
Graeme Hilton George Fowler	Non-Executive Director	6 / 6	Chair	6 / 6	Member	5 / 5	Member	5 / 5	Member [2]	2 / 2
Donald Kenneth Sharp	Non-Executive Director	6 / 6	Member	6 / 6	Member	5 / 5	Chair	5 / 5	Member [2]	2 / 2
David Maxwell Smith	Non-Executive Director	6 / 6	Member	6 / 6	Chair	5 / 5	Member	5 / 5	Member	2 / 2

1 Non-Members in attendance.
2 Chair is appointed by rotation (Independent Non-Executive Directors).

Directors' Interests

At the date of this report, the relevant interests of the Directors in the shares of Countplus Limited, as notified to the Australian Stock Exchange in accordance with the *Corporations Act 2001* (Cth), are:

Name	Number of Ordinary Shares
Barry Martin Lambert	5,398,062
Michael James Spurr	35,000
Philip Stephen Rix	1,044,252
Graeme Hilton George Fowler	18,595
Donald Kenneth Sharp	50,000
David Maxwell Smith	15,000

Principal Activities

The principal activities of the Company and its controlled entities (the Group) in the course of the financial year were:

- accounting, tax and audit services;
- financial advice in relation to personal insurance, investment and superannuation;
- broking services for home and investment loans, business loans and leasing/hire purchase; and
- property brokers for new residential and commercial property.

Dividends

Dividends declared to Shareholders during the financial year were as follows:

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2013	Fully Franked	Paid	3.0 (per fully paid share)	15 November 2012
2013	Fully Franked	Paid	3.0 (per fully paid share)	15 February 2013
2013	Fully Franked	Paid	3.0 (per fully paid share)	15 May 2013
2013	Fully Franked	Paid	3.0 (per fully paid share)	15 August 2013

Financial Position & Review of Operations

For 2012/2013 the Company reported a consolidated net profit after tax of $11.08 million (down 2.0% on the corresponding period) of which $10.92 million was attributable to Shareholders (down 2.2% on the corresponding period). Diluted EPS reduced by 2.4% to 9.92 cents per share. The Directors view the result as sound, reflecting difficult business conditions experienced by the SME sector across the country, which are the target client base of our Member Firms. The 4th quarter earnings were particularly impacted by falling business confidence, in part due to the federal election and as a result, the group did not achieve its expected market guidance.

Operating net revenue growth of 3.5% was assisted by a full year contribution of some subsidiaries, particularly the property group Pacific East Coast. Property and related services revenues contributed to 4.1% of total Member Firm net revenue for the year (2012: 1.6%). Legal revenue dropped by $1.9m (70.3%) over the period, as the legal subsidiaries of one of the group's Perth based firms were exited. These businesses have been a drag on the Company's results.

Accounting related revenue was up 2.1% reflecting the challenging business conditions noted above. Member Firm financial planning revenue was up 4.6% over the period, which was organically driven. Financial planning now makes up 20.8% (2012: 19.9%) of total net group revenue. This included a benefit from loyalty payments made by the Commonwealth Bank to Count Financial franchisees (also paid in the prior period), as a result of the takeover of Count Financial. 17 Member Firms are franchisees of Count Financial.

Total Member Firm expenses (which exclude corporate Head Office operations) increased by 3.9%. Employment expenses made up the largest proportion of expenses in the period. Increases in employment expenses were partially driven by acquisitions and also by additional resourcing for some Member Firms, particularly in financial planning, in anticipation of improved investor sentiment and appetite for advice. Lower provisioning expensed for doubtful debts had a positive impact on non-employment related expenses. The Group's prudent provisioning policy for doubtful debts has not changed since being implemented in 2012.

While net profit before tax was unchanged in percentage terms, net profit after tax was 2% lower because of higher tax expenses. This is due to the Group becoming a tax consolidated group and therefore benefiting from positive tax adjustments in the prior period.

Acquisition opportunities continue to present themselves both at the Member Firm level ('tuck-ins') and at the group level. Four tuck-in acquisitions/investments were made during the year, which are disclosed in the section below. During the year, the Company also made its first investment under its new progressive investment model, a 25% interest in South Australian professional services firm, Hood Sweeney (their contribution to the Group's earnings are recorded as 'share of profits from associates' in the financial statements). Subsequently, the Company also announced an intention to significantly expand a progressive investment model, currently called 'C+2', into a potential new ASX listing in which Countplus will be the major shareholder.

Net debt increased to $9.26m (2012: $2.36m) due to these acquisitions/investments made during the period and also due to deferred consideration payments related to previous period acquisitions.

Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 6-8.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- In July 2012, Melbourne based Member Firm Kidmans Partners acquired the assets of Dyason & Associates, an accounting firm based in Lilydale Victoria, for $191,685. The consideration was an initial cash component with a deferred equity and cash component payable in October 2013;
- In October 2012 Countplus acquired 25% of South Australian professional services firm Hood Sweeney. The consideration was a cash payment of $3.75m, with further performance based payments over 2 years;
- In January 2013, Kidmans Partners acquired accounting firm A.R. Grieve & Associates also based in Lilydale Victoria, for $297,479. The consideration was an initial cash component with a deferred equity and cash component payable in 2 years;
- In May 2013, Brisbane based Member Firm Change Accountants acquired 30% of book-keeping services firm My Accounts. The consideration was a cash payment of $300,000;
- In June 2013, Northern NSW based Member Firm 360 Financial Vision completed the first stage of the acquisition of the Advantage group, based in the regional NSW centre of Port Macquarie. The financial planning business of the group was acquired on 28 June 2013 for a cash consideration of $900,000 payable over 12 months.

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

Matters Subsequent to the End of the Financial Year

- On 4 July 2013, 360 Financial Vision completed the acquisition of the Advantage group. Advantage Accountants & Business Consultants was acquired for an initial cash consideration of $1.085m to be settled in 2 instalments , subject to conditions. Accounting business, Harrison & Siepen was also acquired for a cash consideration of $252,970 , to be settled in 3 instalments;
- On 9 July 2013, 360 Financial Vision acquired accounting firm Mark Palmer & Co, based in Coffs Harbour, Northern NSW. Initial cash consideration was $325,000 to be settled in 3 instalments, subject to conditions;
- On 19 July 2013, Sydney based Member Firm CountplusMBT acquired financial planning firm Peak Financial Services based in the northern beaches of Sydney. The consideration was a cash payment of $667,500, to be settled in 3 instalments, subject to conditions;
- On 16 July 2013, Countplus announced it would acquire a 4% interest in financial services technology firm, Super-IP, trading as 'Class Super', to assist the firm to accelerate new product development. Cash consideration is $2.15 million;
- On 12 August 2013, Countplus Limited entered into a short-term overdraft facility with the Commonwealth Bank for $3 million, expiring 31 October 2013 for the purposes of settling the acquisitions and investments noted above;
- On 21 August 2013, the Company declared its first quarterly dividend for 2013/14 of 3 cents per share payable on 15 November 2013 (record date: 25 October 2013).

Other than the above, no matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial year;

(b) the results of those operations in future financial year; or

(c) the consolidated entity's state of affairs in future financial year.

Objectives & Prospects for Future Financial Years

The Group's growth strategy remains to support its Member Firms in growing organically via an accumulation of new clients and the adoption of new services. Due to the diverse nature of the Group, firm specific strategy is determined by the individual Member Firm's Principals. Carefully considered acquisitions are expected to supplement the organic growth of the Company's Member Firms. These would include both 'tuck-ins' at the firm level, but also minority interests in larger firms under 'C+2'. Finally, more synergies across the Group are expected to derive benefits, as Member Firms learn from one another and develop best practices.

The first profit guidance for 2013/14 is expected to be provided at the Annual General Meeting in November 2013. The Board expects that as business confidence improves, this will have a positive impact on the operations of Countplus Member Firms, both in terms of revenue generation from existing clients and from new clients, particularly in accounting related services. Financial planning related services felt some positive effects in 2013 from stronger investment markets beginning to feed into investor confidence. Self-managed superannuation funds remain an important area for many of the Member Firms. This area is expected to continue to grow strongly as investors seek more control and flexibility in both their accumulation and retirement phases.

The Group benefits from its diversity, with operations in every mainland capital city and a number of regional centres within Australia.

Material Business Risks

The main risks for the Group are categorised into two categories, operational and legislative. Group risks are regularly assessed by the Board's Risk & Compliance Committee, addressed as appropriate and reflected through changes in Group policies.

Operational Risk

On the operational side, the main risk for our Member Firms relates to potential loss of clients which may be triggered by either senior team departures or declining service levels. Member Firms have quarterly board meetings in which the performance of the firm and forecasts are analysed. Any operational issues are also addressed. Most Member Firms also hold more regular management meetings. In terms of incentives, the Principals of Member Firms remain the largest shareholder group and therefore have an interest in continuing to ensure their firm performs to a high standard. Member Firm employees may also qualify for further equity under the Company's loan funded share plan (which made its first grant during the year) or the employee loyalty share plan, subject to their individual firm's performance, measured by earnings per share growth. Member Firm Principals are also subject to restraint clauses as part of their employment contracts.

A further operational risk relates to inappropriate or inadequate client advice. All firms are required to have appropriate professional indemnity insurance either directly or as part of the Group policy. Member Firms who are part of the Count Financial dealer group (a subsidiary of the Commonwealth Bank of Australia) are covered under Count's professional indemnity insurance arrangements for their financial planning services. Employees of accounting based firms are also subject to the professional standards imposed by their relevant accounting body, usually either CPA Australia, the Institute of Chartered Accountants or the Institute of Public Accountants.

For the Total Financial Solutions group (which includes Group subsidiaries, Total Financial Solutions (Australia) and TFS Operations), a financial planning dealer group of 70 advisers, their most significant risk relates to potential loss of advisers to competitors. The Directors of TFS Operations regularly review their offering to advisers to ensure they are market competitive. As one of the few adviser groups that are not institutionally owned by a bank or life company, they have enhanced their attractiveness to new advisers. During the year, the number of advisers within the Group increased and there were no departures of advisers who made significant contributions to Group profits.

Legislative Risk

In terms of legislative risk, any substantive changes that impact the provision of accounting/tax services or financial planning services in particular, could have a material impact on the Group. Member Firms that offer financial planning services have had to ensure compliance with requirements under the new *Corporations Amendment (Future of Financial Advice) Act 2012* (Cth) and the *Corporations Amendment (Further Future of Financial Advice Measures) Act 2012* (Cth) (the FOFA Acts) which amended the *Corporations Act 2001* (Cth). All Member Firms are expected to be in full compliance with these new requirements. No further substantive changes to the financial services industry are expected in the near term, but this is closely monitored by the Board's Risk & Compliance Committee. For accounting/tax related services, no changes are currently expected that could impact on the profitability of the Member Firms and the Group, but this is also closely monitored by the Board's Risk & Compliance Committee.

Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 6-8.

Equity Plans

The Company operates 2 equity plans for employees; an employee loyalty plan and a loan funded share plan.

Under the loyalty plan, full time employees (excluding firm Principals) with a service period of 12 months or more, are issued $1,000 worth of ordinary shares (part-time employees receive a proportional entitlement). A total of 177,775 shares were issued to 342 employees in the 2013 allocation. The Board had committed to making this allocation to all employees annually for the first 3 years post the Group's ASX listing. Future allocations will be subject to individual Member Firm profit growth performance.

During the year, the Company launched a loan funded share plan and made its first allocation to employees. Entitlements are allocated to Member Firms who have grown their profits, as measured by earnings per share growth, by 10% or more, over their previous highest year. Allocations are determined by the relevant Member Firm's Board. On 15 January 2013, 486,889 shares were issued to 50 employees at a price of $1.50 per share. The shares are funded by an interest-free, non-recourse loan and are restricted for 3-5 years. The shares are held by an employee share trust until they are vested and the loan repaid. The shares are entitled to dividends which are used to repay the loan and meet recipient's tax obligations. The first vesting date will be on 15 January 2016, subject to continuing employment conditions, and in the case of Member Firm Principals, profitability hurdles for their relevant firm.

These shares are recorded in the financial statements as Treasury Shares and are shown in the Statement of Changes in Equity.

No shares issued under the plan were vested or forfeited during the year.

More information is included in the Remuneration Report below and in note 41 of the Financial Statements.

Environmental Regulation

The consolidated entity is not regulated by any significant environmental regulations under the Laws of the Commonwealth, State or Territory.

Remuneration Report

This report outlines the remuneration arrangements in place for the Company's Directors and Executives. This section of the Directors' Report has been audited by the Company's external auditors, Ernst & Young.

Remuneration & Nominations Committee

The Remuneration & Nominations Committee of the Board of Directors of Countplus Limited is responsible for determining and reviewing remuneration arrangements for the Directors, and Member Firm Principals (generally Executives of subsidiaries).

The Committee's purpose is to:

- Make recommendations to the Board of Directors in relation to the remuneration of Executive and Non-Executive Directors;
- Review and approve Executive Directors and Senior Management remuneration policy for the parent entity; and
- Evaluate potential candidates for Executive positions and oversee the development of Executive succession plans.

Any decision made by the Committee concerning an individual Executive's remuneration is made without the Executive being present at the meeting.

Remuneration Policy

Remuneration arrangements are based on an assessment of the appropriateness of the nature and amount of emoluments of the Directors and other Key Management Personnel, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

The objective of the consolidated entity's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders; and
- performance linkage / alignment of executive compensation.

The consolidated entity has structured an Executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' and Officers' remuneration to the Company's financial and operational performance.

Remuneration Structure

The Board has established a Remuneration & Nominations Committee which will provide advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

Non-Executive Directors

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Non-Executive Directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

The ASX Listing Rules specify that any increase in the total aggregate remuneration of Non-Executive Directors shall be determined by a general meeting. The increase in aggregate remuneration will be put to shareholders for approval.

Group Executives

The main principle underlying the Company's employee remuneration policy is to ensure rewards are commensurate with the Company's objectives and the results delivered. Specifically, this is achieved by ensuring:

- Remuneration reflects each employee's position and responsibilities within the Company;
- The interests of all employees are aligned with those of shareholders;
- Rewards are linked with the strategic goals and performance of the Company; and
- Total remuneration is competitive by market standards.

Member Firm Principals

Member Firm Principals refer to the former owners of the Group's Member Firms. Member Firm Principals were permitted to set their salaries upon acquisition by Countplus, subject to being competitive with market rates and subject to increases being capped at a maximum of 5% per annum for the first 3 annual reviews post- ASX listing.

Following this period, remuneration packages of Member Firm Principals will be determined by each Firm in consultation with the Company. Regard will be given to the contribution to Group performance and comparative information to other Member Firms and the industry.
The Company is currently reviewing remuneration and incentive arrangements for Principals to determine a process for reviews post the 3 annual review period. Remuneration consultants are being engaged to provide advice on alternative options for linking performance with appropriate rewards.

Member Firm Principals may qualify for equity entitlements under the Group's loan funded share plan (see next page).

Member Firm Employees

Remuneration of employees of Member Firms is determined by the Executive Management of each firm. As a minimum, each employee receives an annual performance review which includes a review of remuneration. Remuneration for employees is set with regard to their individual performance and contribution to the firm, cost of living increases and market benchmarks for the relevant geographical area.

All employees are generally remunerated with a base salary and superannuation at the statutory rate. Annual cash bonuses may also be paid based on individual performance. Employees may qualify for equity entitlements under the Group's loyalty equity plan and loan funded share plan (see below).

Equity Plans

1. Employee Loyalty Equity Plan

On 15 April 2013, all full time employees (excluding firm Principals) with a service period of 12 months or more, received an automatic allocation of $1,000 worth of CUP shares (part-time employees received a proportional entitlement). A total of 177,775 shares were issued to 342 employees in the 2013 allocation. Future allocations will be subject to individual Member Firm growing their EPS at 10% or more.

2. Key Staff Loan Funded Share Plan

Directors/ Principals and senior Managers of Member Firms who achieve 10% annual underlying growth (as measured by the firm's earnings per share) over their previous highest year, may qualify for an allocation under the Group's loan funded share plan. Under the plan, employees are allocated loan funded shares in Countplus, issued at the market price, which are held on their behalf by an employee share trust until the vesting conditions are met and the loan is repaid. The first allocation under the plan was made on 15 January 2013, with a total of 486,889 shares issued to 50 employees at a price of $1.50 per share.

Contractual Arrangements

Non-Executive and Executive Directors

Non-Executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. These terms include that each year one third of Countplus' Directors (excluding the Managing Director) and any Director who has held office for three or more years since their last election, must retire by rotation.

Remuneration and other terms of employment for Group Executives are also formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses and other benefits (which may include sickness and accident insurance, car allowances, car parking and participation in any equity scheme). Other major provisions of the agreements relating to remuneration are set out below.

The Executive Chairman, Barry Lambert does not have a fixed term contract with the Company.

The CEO, CFO and Managing Director, Michael Spurr is employed under a 4 year agreement which commenced on 8 November 2010. Mr Spurr was paid a sign-on bonus on the commencement of his contract. He is entitled to a short-term incentive (STI) and a long-term incentive (LTI) bonus arrangement.

The STI is an annual cash award determined by the Board as part of an annual performance and remuneration review process. The entitlement is based on Countplus' earnings per share growth.

The LTI is a cash award commencing in 2013/2014. Entitlement is based on Countplus' average earnings per share growth over the preceding 3 financial years.

At the discretion of the Board and subject to any necessary approvals (including shareholder approvals), from 2011/2012, Mr Spurr is entitled to participate in the Company's loan funded share plan described above. Eligibility to participate will be by reference to Countplus' earnings per share growth for the relevant financial year.

Mr Spurr's contract may be terminated early with three months' notice, subject to termination payments.

The Executive Director, Philip Rix is also a Member Firm Principal (Bentleys WA) and as such is employed and remunerated by Bentleys (WA) in accordance with the below.

Member Firm Principals

Member Firm Principals do not have fixed term contracts with the Company but can be terminated without cause with 12 months written notice.

In the event of retrenchment, the Executives listed above and Member Firm Principals are entitled to the written notice or payment in lieu of notice as provided in their service agreement.

The contracts of Executives and Member Firm Principals include a restraint clause post-employment of up to 12 months, to ensure that valuable knowledge and experience is not accessed by competitors.

Company Performance and the Link to Remuneration

The Company's Remuneration Policy aims to achieve a link between the remuneration received by Key Management Personnel and the creation of shareholder wealth. This is attained via the inclusion of an Earnings per Share (EPS) growth target criteria for the following performance linked initiatives: the entitlement to loan funded shares, future entitlements under the Company's share loyalty plan and cash bonuses for Group Executives.

As noted above, all employees (excluding Member Firm Directors) were granted up to $1,000 worth of ordinary shares in April 2013, following similar allocations in 2011 and 2012. Only employees of Member Firms who achieve their annual EPS growth target will be entitled to future grants under this plan.

Issues of shares under the Company's loan funded share plan are only made to Member Firm Directors and senior employees if their firm reaches their EPS growth target.

- Net profit before tax for 2012/2013 of $14.97 million was unchanged in percentage terms from the previous financial year and, excluding fair value adjustments is up 7% from the 2010/2011 net profit before tax result, our first year as a listed company.
- Net profit after tax attributable to shareholders for 2013 fell by 2% to $11.08 million and is 25% higher than in 2010/2011.
- Diluted earnings per share for 2012/2013 fell by 2% to from 10.23 cents per share to 9.98 cents per share. The company's diluted earnings per share for 2010/2011 of 12.78 cents is not a meaningful comparison to the current period as the final acquisitions of subsidiaries and new share issues were only completed during that year.
- The Company declared and paid dividends of 12 cents per share for 2012/2013. Since its public listing in December 2010, the Company has maintained annual fully franked dividends of 12 cents per share.
- The Company's share price has risen 41% over the financial year from $1.28 at 30 June 2012 to $1.80 at 30 June 2013. The share price is 20% higher than its initial public offering price of $1.50 (December 2010).

Amounts of Remuneration

Details of the remuneration of the Directors & other Key Management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out below.

2013	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment	
	Salary and Fees $	Bonus $	Other $	Superannuation $	Long Service Leave $	Termination Benefits $	Employee Loyalty Share Plan [7] $	TOTAL $
Non-Executive Directors								
Graeme Hilton George Fowler[1]	65,000	0	0	5,850	0	0	0	**70,850**
Donald Kenneth Sharp[2]	65,000	0	0	5,850	0	0	0	**70,850**
David Maxwell Smith[3]	65,000	0	0	5,850	0	0	0	**70,850**
Executive Directors								
Barry Martin Lambert[4] (Chairman)	150,000	0	0	13,500	0	0	0	**163,500**
Philip Stephen Rix (Executive Director)[5]	260,636	0	600	23,458	0	0	0	**284,694**
Michael James Spurr[6] (Managing Director/CEO/CFO)	239,342	0	15,621	21,541	10,762	0	0	**287,266**
TOTAL	**844,978**	**0**	**16,221**	**76,049**	**10,762**	**0**	**0**	**948,010**

2012	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment	
	Salary and Fees $	Bonus $	Other $	Superannuation $	Long Service Leave $	Termination Benefits $	Employee Loyalty Share Plan [7] $	TOTAL $
Non-Executive Directors								
Graeme Hilton George Fowler[1]	65,000	0	0	5,850	0	0	0	**70,850**
Donald Kenneth Sharp[2]	65,000	0	0	5,850	0	0	0	**70,850**
David Maxwell Smith[3]	65,000	0	0	5,850	0	0	0	**70,850**
Executive Directors								
Barry Martin Lambert[4] (Chairman)	75,000	0	0	6,750	0	0	0	**81,750**
Philip Stephen Rix (Executive Director)[5]	228,458	0	0	44,541	0	0	0	**272,999**
Michael James Spurr[6] (Managing Director/CEO/CFO)	214,411	0	11,868	19,297	4,805	0	0	**250,381**
TOTAL	**712,869**	**0**	**11,868**	**88,138**	**4,805**	**0**	**0**	**817,680**

1 Graeme Fowler was appointed as a Director on 26 August 2010.
2 Donald Sharp was appointed as a Director on 6 September 2010.
3 David Smith was appointed as a Director on 26 August 2010.
4 Barry Lambert was appointed as a Director on 10 August 2007.
5 Philip Rix was appointed as a Director on 1 April 2012 and as Bentleys WA Principal on 10 January 2008.
6 Michael Spurr was appointed as a Director on 10 August 2007 and as the CEO & CFO on 8 November 2010.
7 Key Management personnel were not part of the Employee Loyalty Share Plan.

The elements of remuneration have been determined on the basis of the cost to the Company and the consolidated entity.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid premiums in respect of a contract insuring all the Directors and Officers of the Company against any claims and wrongful acts arising out of their conduct while acting in their capacity as Director or Officer of the Company.

All Directors' and Officers' liability policies contain a Confidentiality Condition, which restricts the insured from disclosing certain information in regard to this insurance.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 30.

Rounding of Amounts

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

This report is made in accordance with a resolution of Directors.

Barry M. Lambert
Director
Sydney
12 September 2013

Auditor's Independence Declaration

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Building a better working world

Auditor's Independence Declaration to the Directors of Countplus Limited

In relation to our audit of the financial report of Countplus Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
12 September 2013

Financial Contents

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Revenue from operating activities	5	**114,388**	107,146
Fees, commissions and related costs	5	**(19,586)**	(15,555)
		94,802	91,591
Other income			
Gain on deferred consideration adjustment	21	**139**	300
Fair value (loss) / gain on investments		**–**	(199)
Interest received		**138**	164
Other non-operating income		**397**	165
Total other income		**674**	430
Salaries and employee benefits expense	6	**(58,181)**	(52,497)
Premises expenses		**(6,000)**	(5,240)
Depreciation and amortisation expense	6	**(4,596)**	(4,915)
Loss on disposals		**(204)**	–
Acquisition related expenses		**(157)**	(217)
Other operating expenses from ordinary activities	6	**(10,813)**	(13,390)
Finance costs	6	**(1,040)**	(779)
Total expenses		**(80,991)**	(77,038)
Share of net profit of associates accounted for using the equity method	37	**486**	–
Profit from operations before income tax		**14,971**	14,983
Income tax expense	8	**(3,888)**	(3,673)
Net profit from operations after income tax		**11,083**	11,310
Other comprehensive income		**–**	–
Total comprehensive income for the year		**11,083**	11,310
Total comprehensive income for the year is attributable to:			
Owners of Countplus Limited		**10,920**	11,155
Non-controlling interests		**163**	155
		11,083	11,310
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share	40	**9.98**	10.23
Diluted earnings per share	40	**9.98**	10.23

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	2013 $'000	2012 $'000 (Restated)*
ASSETS			
Current assets			
Cash and cash equivalents	9	**8,660**	6,382
Trade and other receivables	10	**21,312**	19,131
Loans and advances	11	**37**	85
Work in progress	12	**5,163**	4,646
Total current assets		**35,172**	30,244
Non-current assets			
Loans and other receivables	13	**1,009**	944
Investments in associates	37	**5,223**	–
Property, plant and equipment	15	**6,975**	7,612
Intangible assets	16	**53,247**	55,327
Total non-current assets		**66,454**	63,883
Total assets		**101,626**	94,127
LIABILITIES			
Current liabilities			
Trade and other payables	17	**10,008**	8,225
Interest bearing loans and borrowings	18	**256**	460
Current tax liabilities	19	**1,399**	2,336
Provisions	20	**3,802**	3,432
Other current liabilities	21	**6,662**	7,976
Total current liabilities		**22,127**	22,429
Non-current liabilities			
Trade and other payables	22	**457**	587
Interest bearing loans and borrowings	23	**17,659**	8,282
Provisions	24	**1,660**	1,310
Deferred tax liabilities	14	**5,574**	5,142
Other non-current liabilities	25	**2,164**	2,774
Total non-current liabilities		**27,514**	18,095
Total liabilities		**49,641**	40,524
Net assets		**51,985**	53,603
EQUITY			
Contributed equity	26	**120,456**	119,901
Reserves	27(a)	**(68,057)**	(68,127)
(Accumulated losses) / retained earnings	27(b)	**(637)**	1,627
Capital and reserves attributable to owners of Countplus Limited		**51,762**	53,401
Non-controlling interest	28	**223**	202
Total equity		**51,985**	53,603

*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in note 7.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Attributable to owners of Countplus Limited							
		Contributed equity							
		Issued capital $'000	Treasury shares* $'000	Share based payment reserve $'000	Acquisition reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Restated balances at 30 June 2011		**113,044**	**–**	**–**	**(68,127)**	**3,586**	**48,503**	**197**	**48,700**
Profit for the year		–	–	–	–	11,155	11,155	155	11,310
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**11,155**	**11,155**	**155**	**11,310**
Transactions with owners in their capacity as owners:									
Issue of shares***	26	6,857	–	–	–	–	6,857	–	6,857
Dividends provided for or paid	29	–	–	–	–	(13,114)	(13,114)	(150)	(13,264)
Balance at 30 June 2012		**119,901**	**–**	**–**	**(68,127)**	**1,627**	**53,401**	**202**	**53,603**
Balance at 1 July 2012		**119,901**	**–**	**–**	**(68,127)**	**1,627**	**53,401**	**202**	**53,603**
Profit for the year		–	–	–	–	10,920	10,920	163	11,083
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**10,920**	**10,920**	**163**	**11,083**
Transactions with owners in their capacity as owners:									
Issue of shares***	26	1,320	(730)	–	–	–	590	–	590
Loan funded share plan establishment costs		(35)	–	–	–	–	(35)	–	(35)
Share based payments for loan funded share plan	26	–	–	47	–	–	47	–	47
Application of dividends to loan funded share plan		–	–	23	–	–	23	–	23
Dividends provided for or paid**	29	–	–	–	–	(13,184)	(13,184)	(142)	(13,326)
		1,285	(730)	70	–	(13,184)	(12,559)	(142)	(12,701)
Balance at 30 June 2013		**121,186**	**(730)**	**70**	**(68,127)**	**(637)**	**51,762**	**223**	**51,985**

*The Company has formed a trust to administer a Loan Funded Share Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.
**This amount includes the dividends applied to the loan funded share plan.
***Issue of shares includes shares issued to employees of $304,000 (2012: $300,000).

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**125,044**	111,601
Payments to suppliers and employees (inclusive of GST)		**(104,419)**	(92,537)
		20,625	19,064
Dividends / distributions received from associated entities		**261**	27
Interest received		**138**	164
Interest paid		**(1,040)**	(779)
Income taxes paid		**(4,444)**	(4,538)
Net cash inflow (outflow) from operating activities	39	**15,540**	13,938
Cash flows from investing activities			
Payment for investment in associated entities	37	**(4,060)**	–
Purchase of equipment and other non-current assets		**(1,669)**	(1,971)
Proceeds from sale of business / investments		**681**	582
Proceeds from sale of property, plant and equipment		**26**	13
Payment for acquisition of subsidiaries / business assets	36	**(1,117)**	(4,742)
Payment for deferred consideration on acquisition of controlled entities		**(2,716)**	(1,959)
Loans from / (to) related parties		**(238)**	–
Net cash (outflow) inflow from investing activities		**(9,093)**	(8,077)
Cash flows from financing activities			
Drawdown on loans and advances		**16,930**	7,520
Repayment of loans and advances		**(7,520)**	–
Proceeds from repayment of loan in respect of dividends received on loan funded shares		**23**	–
Loan funded share plan establishment costs		**(35)**	–
Repayments of borrowings / hire purchase and lease liabilities		**(267)**	(688)
Payment of dividends on ordinary shares	29	**(13,158)**	(16,095)
Payment of dividends by controlled subsidiaries to non-controlling interests		**(142)**	(150)
Net cash inflow (outflow) from financing activities		**(4,169)**	(9,413)
Net increase (decrease) in cash and cash equivalents		**2,278**	(3,552)
Cash and cash equivalents at the beginning of the financial year		**6,382**	9,934
Cash and cash equivalents at end of year	9	**8,660**	6,382

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Countplus Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth).

Both the functional and presentation currency of Countplus Limited and its subsidiaries is Australian dollars (A$) and the financial report is presented in Australian dollars (A$). All values are rounded to the nearest thousand dollars ($000) unless otherwise stated, as permitted under ASIC Class Order 98/100.

(i) Compliance with IFRS

The consolidated financial statements of the Countplus Limited Group also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) 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 reporting period ending 30 June 2013 are outlined below:

- AASB 9 'Financial instruments: Classification and measurement': The amending standard specifies new recognition and measurement requirements for financial assets within the scope of AASB 139 requiring financial assets to be measured at fair value through the profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. AASB 9 is mandatory for adoption by the Group in the year ending 30 June 2016. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 10 'Consolidated Financial Statements': This standard establishes a new control model that applies to all new entities. It replaces parts of AASB 127 and Interpretation 112. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. AASB 10 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 11 'Joint Arrangements': This standard is mandatory for adoption by the Group in the year ending 30 June 2014 and the Group intends to adopt it in its financial statements in next reporting period. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to a portion of the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the portion of net assets is accounted for using the equity method. AASB 11 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 12 'Disclosure of Interests in Other Entities': New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. AASB 12 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 13 'Fair Value Measurement': This standard establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about assumptions made and the qualitative impact of those assumptions on the fair value determined. AASB 13 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities': This standard is mandatory for adoption by the Group in the year ending 30 June 2014 and the Group intends to adopt it in its financial statements in the next reporting period. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 119 'Employee Benefits': The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard also changes the definition of short term employee benefits. The distinction between short term and other long term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard is mandatory for adoption by the Group on 1 July 2013 and the Group intends to adopt it in its financial statements in the next reporting period.

(iv) Historical cost convention

The financial report has been prepared on an accruals basis, and is based on historical costs modified by the revaluation of certain financial assets for which the fair value basis of accounting has been applied.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(vi) Changes to presentation

Wherever necessary, Countplus Limited has regrouped and reclassified certain balances in the financial statements in order to provide more relevant information to our stakeholders. The comparative information has been reclassified accordingly. These reclassifications are not expected to have any impact on the profit for the current year or prior year.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Countplus Limited ("Company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Countplus Limited and its subsidiaries together are referred to in these financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and consolidated statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Countplus Limited less any impairment charges.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill and other intangible assets identified on acquisition. Those other intangible assets have been amortised in the determination of profit (refer to note 37).

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Employee share trust

The Group has formed a trust to administer the Group's Loan Funded Share Plan. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(d) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Accounting revenue from the provision of accounting services is recognised on an accrual basis in the period in which the service is provided. Recognition is in accordance with the terms of the client services agreement or engagement letter, adjusted for any time that may not be recoverable with reference to the professional hours incurred.

Financial planning revenue from the provision of financial planning services, loans commission and leasing commission is recognised on an accrual basis in the period in which the service is provided.

Commission earned on property sales is recognised in the accounting period in which the services are rendered. Revenue is recognised after an estimation of the percentage of work completed, based on actual service provided as a proportion of the total services to be provided.

Interest revenue is recognised when there is control of the right to receive the interest payment.

Dividends received from associates are accounted for in accordance with the equity method of accounting.

Other revenue is recognised when the right to receive payment is established.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Tax consolidation legislation

Countplus Limited ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income taxes.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Business combinations are initially accounted for on a provisional basis until either the earlier of (i) 12 months from the date of acquisition or (ii) the finalisation of fair value. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The Company has measured the non-controlling interest at the acquirees' share of the identifiable net assets. Accordingly, goodwill arising on consolidation represents only Countplus' proportionate share of goodwill at the date of acquisition. Key factors contributing to goodwill are synergies existing within the acquired businesses, superior management and superior service offerings. None of the goodwill recognised is expected to be deductible for tax purposes.

Contingent consideration is classified as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined in aggregate for the cash generating unit to which the asset belongs.

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.

Non-financial assets, other than goodwill that suffer an impairment, are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Countplus Limited implemented a group policy for provision for impairment of trade receivables, based on ageing, in December 2011. The purpose of the group policy is to ensure that assessment of collectability of trade receivables by subsidiaries across the Group are guided by a consistent policy and are accounted for in the same manner.

Collectability of trade receivables is reviewed on an ongoing basis. Debtors which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments may be considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

(k) Work in progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress and have not yet been invoiced at reporting date. Work in progress is valued at net realisable value after providing for any foreseeable losses. Work in progress is recognised in the statement of financial position and the movement recognised in the statement of comprehensive income. Financial planning work in progress not representing fees for services, is not recognised in the statement of financial position and statement of comprehensive income until invoiced.

Countplus Limited implemented a group policy for provision for write-off of work in progress in December 2011. The purpose of the group policy is to ensure that measurement of net realisable value by subsidiaries across the Group are guided by a consistent policy and are accounted for in the same manner.

(l) Financial instruments

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 purchase or sell the asset (i.e. 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

Financial instruments are subsequently measured at either 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 (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) 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 (iv) 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) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and advances

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 using effective interest method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial Guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Leasehold improvements	2.5% – 20%
Office equipment	4% – 67%
Furniture and fittings	8% – 37%
Motor vehicles	9%
Signage (other property, plant & equipment)	4%
Make good	Over the remaining estimated life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's identified assets acquired and liabilities assumed, if this consideration transferred is lower than the fair value of the net identified assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Further details on the methodology and assumptions used are outlined in note 16.

(ii) IT software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(iii) Acquired client relationships and Adviser networks

Acquired client relationships are intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the clients and customers with long term relationships with the business being acquired. These assets are capitalised at fair values at the date of acquisition. Acquired client relationships are amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets is considered to be 10 years and they are amortised and expensed using a declining balance method. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those relationships. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure the amortisation expense reflects the performance of the intangible asset.

Adviser networks are the intangible assets identified in the acquisition of the TFS group and represent that part of the purchase consideration that is attributable to and represented by the advisers with long term relationships with that business. These assets were capitalised at fair value at the date of the acquisition, amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets is considered to be 15 years and are amortised and expensed using a declining balance method. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those networks. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure that the amortisation expense reflects the performance of the intangible asset.

(iv) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised where the project will deliver future economic benefits and these benefits can be reliably measured.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year, that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent whereby there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

The entity provides benefits to employees in the form of share-based payment transactions, whereby employees are rewarded with an entitlement to shares ("equity – settled transactions"). Refer to note 26(f).

The plan to provide these benefits is known as the Employee tax-exempt 'loyalty' share plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the instruments at the date at which they were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on the date of grant.

(iv) Loan funded share plan

Subject to performance conditions, employees of subsidiaries and authorised representatives of the Total Financial Solutions (TFS) adviser group may qualify for an entitlement under the Countplus' Loan Funded Share Plan (LFSP). These shares are issued at the market price at time of grant, fully funded by a limited recourse, interest free loan, over a maximum of five years, provided by Countplus. LFSP shares are held by a trust until the vesting conditions are satisfied and the loan is repaid. The shares will normally vest with the employee when the participant remains in continuous employment with the subsidiary or as an Authorised Representative of TFS, for a period of three years commencing on the grant date. Additional performance based vesting conditions apply to Directors of subsidiaries. Unvested shares held by the trust are owned by the consolidated entity and recorded at cost in the consolidated statement of financial position within equity as shares held by the LFSP. Dividends paid by the Company on shares in the LFSP are eliminated in full on consolidation. A transfer is made from retained earnings to a separate reserve on consolidation for the amount of the dividends applied to repay the loan balance.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 40(c)).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Comparatives

The significant accounting policies adopted in the preparation of the financial statements have been consistently applied to the current year and the comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

(x) Parent entity financial information

The financial information for the parent entity, Countplus Limited, disclosed in note 42 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at the lower of cost and recoverable value in the financial statements of Countplus Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Countplus Limited ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

During the 2013 financial year, Countplus entered into a variable rate, 3 year interest only, bill facility with a total facility limit of $20m. The bill rate is variable and is based on the indicative BBSY (Bid) Rate with the actual bill rate determined on the day preceding drawdown date. This facility is with the Commonwealth Bank of Australia.

A guarantee and charge as security for the facility is provided by the 100% owned subsidiaries of Countplus. The charge is over all present and future assets of those subsidiaries.

(iv) Share based payments

The grant by the Company of options over its equity instruments to the employees of a subsidiary in the Group is treated as a capital contribution to the relevant subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The result may sometimes be different from the estimated amounts. The estimates and assumptions that have a significant risk of causing a material misstatement which would result in an adjustment to the carrying amounts in the Statement of Financial Position are as follows:

(i) Impairment

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. If such an indication exists, the recoverable amount of the asset, assessed as the higher of its fair value less costs to sell and its value in use, is compared to its current carrying amount. Any excess of the asset's carrying value over its recoverable amount is expensed.

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the cash generating units and assessment of fair values. In assessing fair value, a multiple of earnings before interest, tax and amortisation (EBITA) is used, assessed as comparable to the market trading multiples of similar assets.

Acquired client relationships are tested for impairment whenever there is an indication that the intangible asset may be impaired. This assessment is made at least on an annual basis. The net carrying value is compared with the expected future benefits from the relationships for each cash generating unit. If the carrying value of the relationships is higher than the expected future benefits an impairment loss is recorded for the difference.

(ii) Provision for impairment of receivables

Where receivables are outstanding beyond the normal trading terms, the recovery likelihood of these receivables is assessed and reviewed by management. Outstanding debts that are deemed to be uncollectible are written off when identified. Historical experience and information of the Group's client base are considered when determining the provision for impairment loss.

(iii) Provision for write-off of work in progress

The recoverability of work in progress is assessed and reviewed by management on a regular basis. Any amounts in excess of net recoverable value are written off when identified. Historical experience and information of the Group's client base are considered when determining the provision for impairment loss.

(iv) Provision for make good

A provision has been made for the present value of anticipated costs of future restoration of various leased office premises. The provision includes future cost estimates associated with refurbishment to restore the leased premises to their original conditions. Provision recognised for each office is measured at management's best estimate of the expenditures where it is probable that an outflow of resources will be required. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

(v) Deferred consideration

Some acquisitions involve the payment of deferred consideration to vendors. This consideration is determined based on a multiple of actual earnings over a fixed period of time and is dependent on revenue or client retention. Consideration payable to the vendors in relation to acquisitions is recognised at fair value based on expected financial performance over the applicable future financial years. The component of deferred consideration not expected to be settled within 12 months after the end of the reporting period is measured as the present value of expected future payments to be made in respect of this deferred consideration, using a risk adjusted discount rate.

(vi) Loan funded share plan

Loan funded shares are assessed as substantively similar to options for the purposes of valuation as the loan is non-recourse and the shares are subject to vesting conditions. The fair value is calculated using a binomial model at grant date and require the use of assumptions which have been disclosed in note 41.

3 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest bearing loans, borrowings and work in progress.

The main purpose of the financial instruments is to generate a short or long term return on surplus cash and capital of the Group. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, market risk, liquidity risk and credit risk. The Group has not entered into any derivative contracts as means to hedge against these risks. The Group does not undertake trading in any of its financial instruments.

(a) Market risk

(i) Price risk

The Group did not hold investments in financial instruments and was therefore not exposed to price risk as at 30 June 2013.

(ii) Interest rate risk

The Group's risk exposure to changes in market interest rates relates primarily to long term borrowings under a variable rate arrangement. Countplus entered into a variable rate, 3 year interest only, bill facility with a facility limit of $20m. The bill rate is variable and is based on the indicative BBSY (Bid) Rate with the actual bill rate determined on the day preceding drawdown date. As at reporting date, the balance $2.4m remains undrawn. This facility is with the Commonwealth Bank of Australia. The Group has not entered into any contracts to mitigate this risk.

Lease liabilities and hire purchase liabilities are guaranteed or indemnified by the relevant Directors, the subsidiary or Countplus Limited.

The Group's borrowings are backed by various forms of securities. The bank loan is secured by the subsidiaries and Countplus Limited.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Impact on post-tax profit	
	2013	2012
Consolidated	**$'000**	$'000
+2% (200 basis points)	**(153)**	76
–1% (100 basis points)	**77**	(38)

A combination of 200 and 100 basis point movement is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

The movements in profit are due to higher/lower interest income from cash balances and higher/lower interest expense incurred on loans with variable rate of interest.

(b) Credit risk

Credit risk arises from the financial assets of the Group. The financial assets comprise cash and cash equivalents, trade and other receivables (including guarantees held by financial institutions, as described in Note 32) and loans and advances.

The Group trades only with creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of counterparties to spread the risk of default of counterparties.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments, as indicated in the consolidated statement of financial position. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In addition, receivable balances are monitored on an ongoing basis, as a result the Group's experience of bad debts has not been significant.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its debt obligations, or other cash outflows, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms. The Group monitors its liquidity position on a regular basis to ensure that there is adequacy to meeting obligations.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of each reporting period:

	Consolidated	
	2013	2012
	$'000	$'000
Fixed rate		
Expiring within one year	**–**	400
Expiring beyond one year	**2,443**	2,480
	2,443	2,880

The Group has a bank overdraft facility of $Nil (2012: $400,000). In 2012, the facility was subject to annual review and interest was payable at 10.37% pa. No such facility was available in the year 2013.

Maturities of financial assets and liabilities

At 30 June 2013	Less than 6 months $'000	1 year or less $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Cash	8,660	–	–	–	8,660
Trade and other receivables	19,590	1,722	740	–	22,052
Loans and advances	16	21	104	165	306
Work in progress	5,163	–	–	–	5,163
Total financial assets	33,429	1,743	844	165	36,181
Financial liabilities					
Trade and other payables	(8,970)	(1,038)	(457)	–	(10,465)
Borrowings	(204)	(52)	(20,027)	–	(20,283)
Provision for cash bonus	(212)	–	–	–	(212)
Other liabilities					
Provision for dividend	(3,304)	–	–	–	(3,304)
Deferred cash consideration	(1,839)	(90)	(973)	–	(2,902)
Deferred equity consideration	(385)	(200)	(435)	–	(1,020)
Other current liabilities	(844)	–	–	–	(844)
Total financial liabilities	(15,758)	(1,380)	(21,892)	–	(39,030)

At 30 June 2012	Less than 6 months $'000	1 year or less $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Cash	6,382	–	–	–	6,382
Trade and other receivables	19,131	–	944	–	20,075
Loans and advances	–	85	–	–	85
Work in progress	4,646	–	–	–	4,646
Total financial assets	30,159	85	944	–	31,188
Financial liabilities					
Trade and other payables	(8,225)	–	(587)	–	(8,812)
Borrowings	(233)	(227)	(10,797)	–	(11,257)
Other liabilities					
Provision for dividend	(3,278)	–	–	–	(3,278)
Deferred cash consideration	(1,810)	(1,729)	(1,129)	–	(4,668)
Deferred equity consideration	–	(282)	(889)	–	(1,171)
Other current liabilities	(877)	–	–	–	(877)
Total financial liabilities	(14,423)	(2,238)	(13,402)	–	(30,063)

(d) Fair value measurements

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments held by the Group are summarised in the table below.

At 30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets	–	–	–	–
	–	–	–	–
Financial liabilities				
Deferred cash consideration	–	–	2,902	2,902
Deferred equity consideration	–	–	1,020	1,020
	–	–	3,922	3,922

Sensitivity to changes in assumptions

The fair value of deferred consideration may change as a result of changes in the projected future financial performance of the acquired entities. Reasonable possible changes in assumptions will not change fair value significantly, with the exception of:

- If the 2014 earnings before interest and tax for PEC group declines by 15% compared to the current forecast, a reduction of $178,000 in deferred consideration would result.
- If the 2014 earnings before interest and tax for PEC group increases by 10% compared to the current forecast, an increase of $119,000 in deferred consideration would result.
- If the 2014 net profit before tax for Hood Sweeney Pty Ltd declines by 15% compared to the current forecast, a reduction of $70,000 in deferred consideration would result.

Upward change in 2014 net profit before tax for Hood Sweeney Pty Ltd will have no impact on the deferred consideration, since the maximum potential deferred consideration represents our estimate of this liability.

Other than the above scenarios, management believes no reasonable change in any other key assumptions would have a material impact on the fair value of deferred consideration.

The maximum potential payment for deferred consideration is $4,178,000 (2012: $6,095,000).

	Level 1	Level 2	Level 3	Total
At 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets	–	–	–	–
	–	–	–	–
Financial liabilities				
Deferred cash consideration	–	–	4,668	4,668
Deferred equity consideration	–	–	1,171	1,171
	–	–	5,839	5,839

At 30 June 2012, the Group had deferred cash and deferred equity consideration as a result of the business combinations that settled during the year and in prior year as detailed in note 36. The fair value of these deferred considerations, amounting to $5.8m, is measured as the present value of expected future consideration payments and are calculated based on anticipated future financial performance in accordance with the business sales and purchase agreement of the respective businesses. Refer to note 21 and note 25 for details relating to the movement in these deferred considerations.

The fair value of financial instruments that are based on significant unobservable inputs are included in level 3. Details relating to the movement in provisions for deferred consideration are included in note 21 and 25.

4 Segment information

The Group treat their operations as the one business segment and report accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets with the exception of the office in Vietnam, are held and the revenues are sourced in Australia. The operation in Vietnam made no significant contribution to the Group profit.

5 Revenue

	2013	2012
	$'000	$'000
(a) Revenue from operating activities		
Accounting services revenue	**65,320**	63,992
Financial services revenue	**36,087**	33,760
Legal services revenue	**808**	2,723
Commission earned on property sale	**7,514**	1,867
Other operating revenue	**4,659**	4,804
	114,388	107,146
Fees, commissions and related costs	**(19,586)**	(15,555)
Total revenue from ordinary activities	**94,802**	91,591

(b) Fees, commissions and related costs

Fees, commissions and related costs are made primarily up of two components: those payable by subsidiary, Total Financial Solutions Australia Ltd to financial advisers in accordance with their Authorised Representative Agreements and referral fees payable by the PEC group subsidiaries to its affiliated members.

6 Expenses

	2013 $'000	2012 $'000
Depreciation		
Office equipment	**689**	727
Leasehold improvements	**91**	209
Furniture & fixtures	**297**	325
Motor vehicles	**24**	19
Other	**122**	79
Total depreciation	**1,223**	1,359
Amortisation		
Acquired client relationships / adviser networks	**3,099**	3,270
Software	**197**	166
Make good	**30**	120
Other	**47**	–
Total amortisation	**3,373**	3,556
Total depreciation and amortisation	**4,596**	4,915
Other expenses		
Professional, service and consulting fees		
Audit fees	**337**	370
Accounting and legal fees	**503**	526
Service fees – Count Financial	**263**	504
Other professional fees	**249**	271
Total professional, service and consulting fees	**1,352**	1,671
Other expenses		
Bad and doubtful debts – trade receivables	**520**	959
Sales and marketing expenses	**814**	973
Administration expenses	**3,507**	4,478
Insurance expense	**967**	1,017
Technology expense	**2,541**	3,220
Net loss on disposal of property, plant and equipment	**342**	43
Other	**770**	1,029
Total other expenses	**9,461**	11,719
Total other operating expenses from ordinary activities	**10,813**	13,390
Salaries and employee benefit expenses		
Wages, salaries and superannuation expenses	**51,197**	49,143
Share based payment expense	**304**	300
Share based payment expense loan funded share plan	**47**	–
Other employee benefit expenses	**6,633**	3,054
Total salaries and employee benefit expenses	**58,181**	52,497
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**1,040**	779

7 Revision to comparative numbers

Acquisitions made in the comparative period ending 30 June 2012 were provisionally accounted. Purchase price accounting on these acquisitions was finalised on 30 June 2013. In accordance with AASB 3, comparative period has been restated to reflect the updated valuations of property, plant and equipment, identifiable intangible assets (acquired client relationships and adviser networks) and the tax balances. The impact is summarised below:

For the consolidated statement of financial position as at 30 June 2012 (comparative period), as a result of restatement, property, plant and equipment has increased by $254,000, intangible assets have decreased by $1,148,000 and net tax liabilities have decreased by $894,000. There is no effect on the profit or loss for the period due to this restatement upon finalisation of acquisition accounting.

In addition to the changes as a result of the finalisation of acquisition accounting, comparative information has been reclassified to be consistent with current period balances. The impact is summarised below:

For the consolidated statement of financial position as at 30 June 2012, as a result of reclassification, trade and other payables have increased by $1,544,000, current tax liabilities have decreased by $1,865,000 and other current liabilities have increased by $321,000. There is no effect on the profit or loss for the period due to this restatement.

8 Income tax expense

	2013 $'000	2012 $'000
(a) Income tax expense:		
Current tax (benefit) / expense	**5,291**	6,312
Under/(over) provision – prior year	**(719)**	(1)
Benefit realised on tax consolidation	**–**	(1,186)
Deferred tax expense / (benefit)	**(684)**	(1,452)
	3,888	3,673
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 14)	**(40)**	(731)
(Decrease) increase in deferred tax liabilities (note 14)	**(644)**	(721)
	(684)	(1,452)
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**14,971**	14,983
Tax at the Australian tax rate of 30% (2012: 30%)	**4,491**	4,495
Tax effect of amounts which are not-deductible (taxable) in calculating taxable income:		
Other non deductible depreciation and amortisation	**18**	7
Loss on disposals	**133**	–
Non-deductible entertainment	**73**	57
Non-deductible legal fees	**54**	16
Fines	**1**	1
Non-taxable dividends	**(63)**	–
Gain / (loss) on deferred consideration adjustment	**(41)**	72
Share based payments	**–**	90
Benefit on trail commission	**(44)**	(44)
ACA depreciation on consolidation	**–**	223
Other	**(15)**	(57)
	4,607	4,860
Under/(over) provision in prior years	**(719)**	(1)
Benefit realised on tax consolidation	**–**	(1,186)
	(719)	(1,187)
Total income tax expense	**3,888**	**3,673**

The parent entity, Countplus Limited and its subsidiaries in the Group continue to account for their own current and deferred tax amounts. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, Countplus Limited and its subsidiaries also recognise the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(c) Tax consolidation group

Countplus Limited ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

9 Current assets – Cash and cash equivalents

	2013 $'000	2012 $'000
Cash at bank and on hand	**8,660**	6,382

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows.

Risk exposure

The Group's exposure to interest rate risk is discussed in note 3. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

10 Current assets – Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables	**16,917**	15,813
Provision for impairment of trade receivables (note 10(b))	**(1,465)**	(1,595)
	15,452	14,218
Prepayments	**1,027**	884
Other receivables	**4,833**	4,029
	21,312	19,131

(a) Ageing analysis of trade receivables

As at 30 June, the ageing analysis of trade receivables is as follows:

	2013 $'000	2012 $'000
0 to 1 month	**10,450**	9,840
0 to 1 month CI^	**9**	11
1 to 3 months PDNI*	**3,101**	2,345
1 to 3 months CI^	**20**	18
3 to 6 months PDNI*	**1,109**	1,303
3 to 6 months CI^	**241**	226
Over 6 months PDNI*	**792**	730
Over 6 months CI^	**1,195**	1,340
	16,917	15,813

* Past due but not impaired ('PDNI')
^ Considered impaired ('CI')

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that a trade receivable is impaired. An impairment loss of $521,000 (2012: $959,000) has been recognised by the Group in the current year. These amounts have been included in other operating expenses.

(b) Movements in the provision for impairment

Movements in the provision for impairment of trade receivables are as follows:

	2013 $'000	2012 $'000
At 1 July	**(1,595)**	(912)
Provision for impairment recognised during the year	**(521)**	(959)
Receivables written off during the year as uncollectible	**651**	276
At 30 June	**(1,465)**	(1,595)

The creation and release of the provision for impaired receivables has been included in 'other operating expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

(c) Fair value and credit risk

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 3 for more information on the risk management policy of the Group and the credit quality of its trade receivables.

11 Current assets – Loans and advances

	2013 $'000	2012 $'000
Loans and advances	**37**	85

Refer to note 34(e) for information on loans to related party.

12 Current assets – Work in progress

	2013 $'000	2012 $'000
Work in progress – at cost	**5,505**	4,941
Provision for write-off of work in progress	**(342)**	(295)
	5,163	4,646

(a) Ageing analysis of work in progress

As at 30 June 2013, the ageing analysis of work in progress is as follows:

	2013 $'000	2012 $'000
0 to 1 month	**1,926**	2,239
0 to 1 month PWO*	**17**	15
1 to 3 months CR^	**1,439**	1,256
1 to 3 months PWO*	**10**	9
Over 3 months CR^	**1,798**	1,151
Over 3 months PWO*	**315**	271
	5,505	4,941

* Provided for write-off ('PWO')
^ Considered recoverable ('CR')

A provision for write-off is recognised when an amount in excess of net recoverable value of work in progress is identified. A provision of $342,000 (2012: $295,000) has been recognised by the Group in the current year. Any provision for write off recognised during the year is debited to operating revenue in the income statement.

(b) Movements in the provision for write-off

Movements in the provision for write-off of work in progress are as follows:

	2013 $'000	2012 $'000
At 1 July	**295**	274
Provision for write-off recognised during the year	**47**	21
At 30 June	**342**	295

Details of the significant accounting policies and methods adopted for accounting for work in progress can be found in note 1(k).

13 Non-current assets – Receivables

	2013 $'000	2012 $'000
Other receivables*	**741**	944
Interest bearing loans**	**268**	–
	1,009	944

*Other receivables relate to commissions on sale of properties expected to be received when settlement of the properties occur.
**Loans bear interest @ 8.5% p.a and have a term of 10 years.

14 Non-current assets – Deferred tax assets

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Provisions		
Bonus	**68**	44
Employee liabilities (annual leave and long service leave)	**1,568**	1,488
Bad and doubtful debts	**441**	504
Superannuation accrued	**30**	17
Make good	**9**	36
Accrued audit fees	**47**	132
Accruals (others)	**79**	84
Deferred revenue	**10**	6
Depreciation	**150**	67
Loan establishment costs	**23**	–
ASX listing / equity raising costs	**174**	248
WIP acquired	**–**	920
Tax loss prior years	**–**	1
Total deferred tax assets	**2,599**	3,547
Set-off of deferred tax liabilities pursuant to set-off provisions	**(2,599)**	(3,547)
Net deferred tax assets	**–**	–

Movements – Consolidated	Equity raising cost $'000	Other $'000	Total $'000
At 1 July 2011	239	1,605	1,844
(Charged)/credited to the consolidated income statement	–	731	731
(Charged)/credited directly to equity	9	–	9
Deferred tax balance on acquisition of subsidiaries	–	963	963
At 30 June 2012	248	3,299	3,547
At 1 July 2012	248	3,299	3,547
(Charged)/credited to the consolidated income statement	–	40	40
(Charged) directly to equity	(74)	–	(74)
Deferred tax balance on acquisition of subsidiaries	–	5	5
Transfer to current tax liabilities	–	(919)	(919)
At 30 June 2013	174	2,425	2,599

Non current liabilities – Deferred tax liabilities

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**1,916**	1,795
Prepaid expenses	**138**	116
Adjustment to carrying value of Investment in subsidiaries	**1,498**	1,498
Fair value intangible assets	**4,307**	5,100
Adjustment to carrying value of investment in associates	**131**	–
Adjustment to tax cost base on depreciation of asset due to tax consolidation	**67**	133
Other	**116**	47
Total deferred tax liabilities	**8,173**	8,689
Set-off of deferred tax assets pursuant to set-off provisions (note 14, refer above)	**(2,599)**	(3,547)
Net deferred tax liabilities	**5,574**	5,142

Movements – Consolidated	Share of profit of associates $'000	Fair valued intangible assets $'000	Fair valued consolidation uplift $'000	Other $'000	Total $'000
At 1 July 2011	–	5,748	1,498	1,476	8,722
Deferred tax balance on acquisition of subsidiaries*	–	332	–	356	688
Charged/(credited) to the consolidated income statement	–	(980)	–	259	(721)
At 30 June 2012	–	5,100	1,498	2,091	8,689
At 1 July 2012	–	5,100	1,498	2,091	8,689
Deferred tax balance on acquisition of subsidiaries*	–	128	–	–	128
Charged/(credited) to the consolidated income statement	131	(921)	–	146	(644)
At 30 June 2013	131	4,307	1,498	2,237	8,173

*Includes business assets acquired by Member Firms.

15 Non-current assets – Property, plant and equipment

	Office equipment $'000	Furniture, fittings and equipment $'000	Make good $'000	Leasehold improvements $'000	Other property, plant and equipment $'000	Motor vehicle $'000	Total $'000
At 30 June 2011							
Cost	3,317	1,667	750	1,565	105	137	7,541
Accumulated depreciation	(635)	(268)	(140)	(199)	(64)	(13)	(1,319)
Net book amount	2,682	1,399	610	1,366	41	124	6,222
Year 30 June 2012							
Opening net book amount	2,682	1,399	610	1,366	41	124	6,222
Additions	763	514	6	89	145	71	1,588
Acquisition of business	108	–	–	7	1,250	–	1,365
Disposals	(12)	(11)	–	–	(1)	(32)	(56)
Write offs	(4)	–	–	(24)	–	–	(28)
Transfers out	–	–	–	(224)	224	–	–
Depreciation charge	(727)	(325)	(120)	(209)	(79)	(19)	(1,479)
Closing net book amount	2,810	1,577	496	1,005	1,580	144	7,612
At 30 June 2012							
Cost	4,172	2,170	756	1,413	1,723	176	10,410
Accumulated depreciation	(1,362)	(593)	(260)	(408)	(143)	(32)	(2,798)
Net book amount	2,810	1,577	496	1,005	1,580	144	7,612
Year 30 June 2013							
Opening net book amount	2,810	1,577	496	1,005	1,580	144	7,612
Acquisition of business	–	–	–	–	–	–	–
Additions	470	309	–	57	148	1	985
Disposals	(12)	(1)	–	(16)	(18)	–	(47)
Depreciation charge	(689)	(297)	(30)	(91)	(122)	(24)	(1,253)
Write offs	(247)	(2)	–	(30)	(43)	–	(322)
Closing net book amount	2,332	1,586	466	925	1,545	121	6,975
At 30 June 2013							
Cost	3,742	2,572	756	1,204	2,012	177	10,463
Accumulated depreciation	(1,410)	(986)	(290)	(279)	(467)	(56)	(3,488)
Net book amount	2,332	1,586	466	925	1,545	121	6,975

16 Non-current assets – Intangible assets

	Goodwill	Acquired client relationships/ adviser networks	Brands	IT software	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2011						
Cost	32,360	22,277	–	465	–	55,102
Accumulated amortisation and impairment	–	(3,026)	–	(114)	–	(3,140)
Net book amount	32,360	19,251	–	351	–	51,962
Year 30 June 2012						
Opening net book amount	32,360	19,251	–	351	–	51,962
Additions	–	156	–	227	–	383
Additions through acquisition of subsidiaries/business assets	4,310	851	1,055	1	203	6,420
Amortisation charge	–	(3,270)	–	(166)	–	(3,436)
Disposals	–	–	–	(2)	–	(2)
Closing net book amount	36,670	16,988	1,055	411	203	55,327
At 30 June 2012						
Cost	36,670	23,284	1,055	691	203	61,903
Accumulated amortisation and impairment	–	(6,296)	–	(280)	–	(6,576)
Net book amount	36,670	16,988	1,055	411	203	55,327
Year 30 June 2013						
Opening net book amount	36,670	16,988	1,055	411	203	55,327
Additions	–	290	–	297	97	684
Additions through acquisition of subsidiaries/business assets	1,039	425	–	–	–	1,464
Amortisation charge	–	(3,099)	–	(197)	(47)	(3,343)
Disposals*	(885)	–	–	–	–	(885)
Closing net book amount	36,824	14,604	1,055	511	253	53,247
At 30 June 2013						
Cost	36,824	23,998	1,055	1,007	300	63,184
Accumulated amortisation and impairment	–	(9,394)	–	(496)	(47)	(9,937)
Net book amount	36,824	14,604	1,055	511	253	53,247

*Disposals relate to sales of business assets by Lawrence Business Management Pty Ltd and its subsidiary, Capital Legal Pty Ltd (currently Supergeneration Pty Ltd).

(a) Impairment tests for goodwill

Goodwill acquired through business combinations have been allocated to and are tested at the level of their respective cash generating units (CGUs), for impairment testing.

From the Member Firms listed in note 35, twenty Member Firm groups are considered as separate CGUs, operating largely independently from other businesses in the Group. These twenty Member Firms are separately identified in note 35. The carrying amount of goodwill and other intangibles allocated to CGUs is disclosed in the table below. Four of the twenty CGUs are considered individually significant (2012: 4 CGUs). For the sixteen CGUs (2012: 16 CGUs) where the carrying amount of goodwill is not individually significant compared with the Group's total, they have been aggregated in the column "Other".

Carrying amount of goodwill allocated to each of the cash generating units:

2013	TFS Group	Wearne & Co	Lawrence Business Management	Kidmans PEC	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	7,260	5,346	4,202	2,026	17,990	36,824
Acquired client relationships	6,646	1,806	2,172	324	13,050	23,998
IT software	73	–	–	–	934	1,007
Brand	–	–	–	1,055	–	1,055
Other intangibles	94	–	–	203	3	300
Amortisation	(1,916)	(809)	(1,000)	(100)	(6,112)	(9,937)
	12,157	6,343	5,374	3,508	25,865	53,247

2012	TFS Group $'000	Wearne & Co $'000	Lawrence Business Management $'000	Kidmans PEC $'000	Other $'000	Total $'000
Goodwill	7,260	5,346	5,086	2,026	16,952	36,670
Acquired client relationships	6,356	1,806	2,172	324	12,626	23,284
IT software	–	–	–	–	691	691
Other intangibles	–	–	–	203	–	203
Brand	–	–	–	1,055	–	1,055
Amortisation	(1,130)	(553)	(695)	–	(4,198)	(6,576)
	12,486	6,599	6,563	3,608	26,071	55,327

Entities within TFS Group, Lawrence Business Management and Kidmans PEC are shown in note 35.

The recoverable amount of each CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5 year period. A pre tax discount rate has been applied to cash flow projections and cash flows beyond the 5 year period have been extrapolated using a 3% growth rate.

(b) Key assumptions used for value in use calculations

The calculation of value in use for the CGUs was most sensitive to the following assumptions:
- Revenue growth
- Gross margins
- Discount rates

Revenue growth is based on averages achieved by the CGUs in previous periods. These are adjusted over the budget period based on management assessment. Average annual revenue growth assumed for the TFS Group is 4.4% p.a. over the 5 year period, and between 2.5% p.a. and 6% p.a. for the other CGUs.

Gross margins are based on averages achieved by the CGUs in previous periods. These are adjusted over the budget period based on management assessment. These are calculated as employment costs as a percentage of net revenue. For the TFS Group, this is assumed to be maintained at 33% over the forecast period. For the other CGUs, this is assumed to be maintained between 55% and 70% over the forecast period.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate calculation is based on the specific circumstances of each CGU derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the group operates. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. A pre tax discount rate of 14.1% p.a. was applied to the TFS Group and 15.7% p.a. for the other CGUs.

It is assumed for the purpose of the analysis that the long-term growth rate (terminal rate) will equate to the long term average growth rate of the national economy. Management estimate this to be 3% p.a. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations.

(c) Sensitivity to changes in assumptions

For the TFS Group (acquired 30 September 2010):
The recoverable amount as determined by the value in use calculation exceeds the carrying value by $3,489,000.
Reasonable possible changes in assumptions will not result in impairment, except for the following:
- If the Company's average revenue did not grow over the five year forecast period, it would result in recoverable value equating to the carrying value;
- If the Company's revenue declined by an average of 1% p.a. over the forecast period, an impairment of $611,000 would result;
- If the pre tax discount rate applied to cash flows was increased to 17.6% p.a., it would result in recoverable value equating to fair value; or
- If the pre tax discount rate applied to cash flows was increased to 18.1% p.a., an impairment of $394,000 would result.

For Wearne & Co (acquired 16 August 2010):
The recoverable amount as determined by the value in use calculation exceeds the carrying value by $3,413,000.
Reasonable possible changes in assumptions will not result in impairment, except for the following:
- If the Company's average revenue declined by an average of 3.5% p.a. over the forecast period, it would result in recoverable value equating to the carrying value; or
- If the Company's revenue declined by an average of 5% p.a. over the forecast period, an impairment of $436,000 would result.

For Lawrence Business Management (acquired 30 November 2007):
A loss on disposal of $204,000 has been recognised in the income statement related to this entity's legal subsidiary, Capital Legal. This is due to the downsizing of its operations.
Management believes that no reasonable change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

For Kidmans PEC (KPEC) and the other CGUs:
Management believes that no reasonable change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

(d) Amortisation period of intangible assets other than Goodwill

The remaining amortisation period for the intangible assets are as follows:

Acquired client relationships	7 – 10 years
Adviser networks	12 – 15 years
Software	1 – 4 years
Brand	Indefinite life

17 Current liabilities – Trade and other payables

	2013 $'000	2012 $'000
Trade payables	2,542	2,079
GST payables	2,198	1,995
Accrued expenses	3,031	2,676
Other payables	2,237	1,475
	10,008	8,225

18 Current liabilities – Interest bearing loans and borrowings

	2013 $'000	2012 $'000
Secured		
Bank loans	–	27
Lease liabilities (note 33)	–	91
Hire purchase liabilities (note 33)	213	327
Total secured current loans and borrowings	213	445
Unsecured		
Loans from related parties	43	15
Total unsecured current loans and borrowings	43	15
Total current loans and borrowings	256	460

There are no restrictions placed upon the borrower by entering into the transactions above.

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 3.

19 Current liabilities – Current tax liabilities

	2013 $'000	2012 $'000
Provision for income tax	1,399	2,336

20 Current liabilities – Provisions

	2013 $'000	2012 $'000
Employee benefits – annual leave	2,152	2,263
Employee benefits – long service leave	1,438	1,119
Provision for cash bonus	212	50
	3,802	3,432

21 Current liabilities – Other current liabilities

	2013 $'000	2012 $'000
Provision for dividend	3,304	3,278
Deferred cash consideration for acquisition of subsidiaries*	1,460	3,539
Deferred equity consideration for acquisition of subsidiaries*	585	282
Deferred cash consideration for acquisition of associates	469	–
Other current liabilities	844	877
	6,662	7,976

Deferred cash and equity consideration for acquisition relates to the acquisitions made by the subsidiaries. Please refer to note 36 for further information in relation to Business combinations.

Deferred equity consideration in Countplus Limited shares, is issued to vendors of Countplus' subsidiaries and 'tuck in' subsidiaries who nominated to receive Countplus equity as part of their acquisition consideration. These entitlements are based on future financial performance in accordance with the business sales and purchase agreement of the respective businesses.

Movements in Other current liabilities

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Dividend	Deferred cash consideration for acquisition of subsidiaries*	Deferred equity consideration for acquisition of subsidiaries*	Deferred cash consideration for acquisition of associates	Total
	$'000	$'000	$'000	$'000	$'000
Consolidated 2013					
Current					
At 1 July 2012	3,278	3,539	282	–	7,099
Acquisition of subsidiaries	–	125	40	–	165
Acquisition of associates	–	–	–	469	469
Transferred from non-current liabilities		625	544		1,169
Arising during the year	13,184	–	–	–	13,184
Payment made / shares issued during the year	(13,158)	(2,690)	(282)	–	(16,130)
Gain on deferred consideration	–	(139)	1	–	(138)
At 30 June 2013	3,304	1,460	585	469	5,818
Consolidated 2013					
Current 2013	3,304	1,460	585	469	5,818
Non-current 2013 (refer note 25)	–	504	435	469	1,408
	3,304	1,964	1,020	938	7,226
Consolidated 2012					
Current 2012	3,278	3,539	282	–	7,099
Non-current 2012 (refer note 25)	–	1,129	889	–	2,018
	3,278	4,668	1,171	–	9,117

* Includes business assets acquired by Member Firms.

22 Non-current liabilities – Other payables

	2013 $'000	2012 $'000
Other payables*	**457**	587

* Other payables relate to referral fees payable by the PEC group subsidiaries to its affiliated members and employees.

23 Non-current liabilities – Interest bearing loans and borrowings

	2013 $'000	2012 $'000
Secured		
Bank loans – term loan	**17,557**	600
Lease liabilities (note 33)	**–**	16
Hire purchase liabilities (note 33)	**100**	146
Loans from related parties	**–**	7,520
Other interest bearing loans	**2**	–
Total secured non-current loans and borrowings	**17,659**	8,282

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2013 $'000	2012 $'000
Bilateral funding facility	**20,000**	10,000
Bank loan facility	**–**	1,000
	20,000	11,000
Total facilities	**20,000**	11,000
Used at balance date	**17,557**	8,120
Unused at balance date	**2,443**	2,880

During the 2013 financial year, Countplus entered into a variable rate, 3 year interest only, bill facility with the Commonwealth Bank of Australia with a facility limit of $20m. The bill rate is variable and is based on the indicative BBSY (Bid) Rate with the actual bill rate determined on the day preceding drawdown date. As at reporting date, the balance of $2.4m remained undrawn.

This facility with the Commonwealth Bank replaces the previous $10m funding arrangement with Count Financial Limited. This new facility was initially established at $15m on 2 November 2012 and was then extended by a further $5m on 7 May 2013 to fund expected acquisitions.

24 Non-current liabilities – Provisions

	2013 $'000	2012 $'000
Employee benefits long service leave	**1,660**	1,310

25 Non-current liabilities – Other non-current liabilities

	2013 $'000	2012 $'000
Deferred cash consideration for acquisition of subsidiaries*	**504**	1,129
Deferred equity consideration for acquisition of subsidiaries*	**435**	889
Deferred cash consideration for acquisition of associates	**469**	–
Lease make good provision	**756**	756
	2,164	2,774

Movements in other non-current liabilities

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Deferred cash consideration for acquisition of subsidiaries* $'000	Deferred equity consideration for acquisition of subsidiaries* $'000	Deferred cash consideration for acquisition of associates $'000	Lease make good provision $'000	Total $'000
Consolidated – 2013					
Non-current					
At 1 July 2012	1,129	889	–	756	2,774
Acquisition of subsidiary	–	90	–	–	90
Acquisition of associates	–	–	469	–	469
Payment / adjustment during the year	–	–	–	–	–
Transferred to current liabilities	(625)	(544)	–	–	(1,169)
At 30 June 2013	504	435	469	756	2,164

*Includes business assets acquired by Member Firms.

26 Contributed equity

	2013 Shares	2012 Shares	2013 $'000	2012 $'000
(a) Share capital				
Ordinary shares				
Fully paid (b)	**110,125,869**	109,263,997	**119,852**	118,532
Capital contribution (c)	**–**	–	**1,955**	1,955
ASX listing cost	**–**	–	**(586)**	(586)
Issued capital held by loan funded share plan (LFSP) (e)	**–**	–	**(730)**	–
Loan funded share plan establishment costs	**–**	–	**(35)**	–
	110,125,869	109,263,997	**120,456**	119,901

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price	$'000
1 July 2011	Opening balance	104,676,233		111,675
20 October 2011	Shares issued to Principals under the additional share entitlement	4,173,029	$1.50	6,260
15 December 2011	Shares issued to Principals under the additional share entitlement	198,184	$1.50	297
19 April 2012	Shares issued for employee loyalty share plan	216,551	$1.38	300
30 June 2012	Closing balance	109,263,997		118,532
1 July 2012	Opening balance	109,263,997		118,532
31 October 2012	Shares issued for part of consideration for acquisition of PEC group	197,208	$1.45	286
15 January 2013	Shares issued for loan funded share plan	486,889	$1.50	730
15 April 2013	Shares issued for employee loyalty share plan	177,775	$1.71	304
30 June 2013	Closing balance	110,125,869		119,852

(c) Capital contribution

Date	Details	$'000
1 July 2011	Opening balance	**1,955**
	Contribution during the period	**–**
30 June 2012	Closing balance	**1,955**
1 July 2012	Opening balance	**1,955**
	Contribution during the period	**–**
30 June 2013	Closing balance	**1,955**

In 2011, the Company's former parent entity, Count Financial, made additional capital contributions to the Company through the issuance of shares in Count Financial at a discount at the prevailing market price as part of the consideration for the acquisition of investees as well as the extension of interest free loans to investees for the purposes of funding stamp duty on the transactions. No capital contributions were made in 2012 or 2013.

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Employee share scheme

The Company has an equity scheme, under which an entitlement to loan funded shares are granted to certain employees (refer note 41).

(f) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management monitors the capital structure to ensure that the Company is positioned to take advantage of favourable costs of capital or higher expected returns on assets. Return on equity is the primary measure used to monitor capital, for which a 15% target is used. The Company currently has a facility of $20m, with the Commonwealth Bank of Australia, of which was fully drawn to fund tuck-ins and the investment in Super-IP. Future acquisitions are expected to be funded from existing and future cash flows and by issuing new capital. In the long term, the Company expects to maintain a dividend payout ratio of between 50% and 70%. Management will consider varying the amount of dividends paid having regard to economic and industry conditions as well as acquisition requirements. Dividends are paid quarterly. Dividends paid and declared during 2013 are disclosed in note 29.

The Board of Directors have committed to issuing $1,000 of shares to full time employees with 12 months service or more on an annual basis for the first 3 financial years post the Company's public listing (part time employees in proportion).

The Company is not subject to any externally imposed capital requirements.

27 Reserves and retained profits

	2013 $'000	2012 $'000
(a) Reserves		
Share based payment reserve	**70**	–
Acquisition reserves	**(68,127)**	(68,127)
	(68,057)	(68,127)
Movements:		
Share based payment reserve		
At 1 July	**–**	–
Share based payments for loan funded share plan	**47**	–
Application of dividends to loan funded share plan	**23**	–
At 30 June	**70**	–
Movements:		
Acquisition reserves		
At 1 July	**(68,127)**	(68,127)
Acquisition of non-controlling interest	**–**	–
At 30 June	**(68,127)**	(68,127)

(b) Retained profits

Movements in retained profits were as follows:

	2013 $'000	2012 $'000
At 1 July	**1,627**	3,586
Net profit for the year	**10,920**	11,155
Dividends paid and / or proposed	**(13,184)**	(13,114)
At 30 June	**(637)**	1,627

(c) Nature and purpose of reserves

(i) Share based payment reserve

The share based payments reserve records the value of shares issued to the employee share trust on behalf of employees under the loan funded share plan and the value of dividends on those shares applied to the balance of employee loans under the plan.

(ii) Acquisition reserves

The acquisition reserve arises on the acquisition of the non-controlling interests of subsidiaries. On 1 July 2010, the Company's interests in 15 associates were consolidated with the non-controlling interest being measured as the present ownership's proportionate share of identifiable net assets. The acquisition of these non-controlling interests as part of the public listing was not a business combination but was an equity transaction between owners. Accordingly in 2011, the difference between the consideration paid and fair value of the identifiable net assets of the non-controlling interests has been accounted for in the Acquisition Reserves.

28 Non-controlling interest

	2013 $'000	2012 $'000
Reconciliation of non-controlling interest in controlled entities		
At 1 July	**202**	197
Share of operating profit	**163**	155
Dividends paid by subsidiaries to non-controlling interests	**(142)**	(150)
At 30 June	**223**	202

29 Dividends

	2013 $'000	2012 $'000
(a) Dividends paid during the year		
Interim dividends of 9.0 cents per share (2012: 9.0 cents per share) fully franked based on tax paid at 30%	**9,880**	9,815
Under provision for final dividend for the year ended 30 June 2011	**–**	21
	9,880	9,836
(b) Dividends proposed and recognised as a liability		
Final dividend of 3.0 cents per share (2012: 3.0 cents per share) fully franked based on tax paid at 30%	**3,304**	3,278
Total dividends provided for or paid	**13,184**	13,114
(c) Dividends proposed but not recognised as a liability		
On 21 August 2013, Directors declared an interim dividend of 3.0 cents per share (2012: 3.0 cents per share), fully franked based on tax paid at 30%. Dividend is payable on 15 November 2013.	**3,304**	3,278
(d) Franked dividends		
Franking credits/(debits) for subsequent financial years based on a tax rate of 30% (2012: 30%)	**2,310**	3,318

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period.

30 Key management personnel disclosures

(a) Directors

The following persons were Directors of Countplus Limited during the financial year:

(i) Chairman – Executive
Barry Martin Lambert

(ii) Executive Directors
Michael James Spurr (Managing Director, CEO and CFO)
Philip Stephen Rix

(iii) Non-Executive Directors
Graeme Hilton George Fowler
Donald Kenneth Sharp
David Maxwell Smith

(b) Key management personnel compensation

	2013 $	2012 $
Short-term employee benefits	**861,199**	724,737
Post-employment benefits	**76,049**	88,138
Long-term benefits	**10,762**	4,805
	948,010	817,680

Detailed remuneration disclosures are provided in the Remuneration Report.

(i) Share holdings
The number of shares in the Company held during the financial year by each Director of Countplus Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013 Name	Balance at the start of the year	Granted during the year	Purchase during the year	Balance at the end of the year
Directors of Countplus Limited				
Ordinary shares				
Barry Martin Lambert	4,633,333	–	764,729	5,398,062
Michael James Spurr	35,000	–	–	35,000
Philip Stephen Rix	1,044,252	–	–	1,044,252
Graeme Hilton George Fowler	12,945	–	–	12,945
Donald Kenneth Sharp	–	–	50,000	50,000
David Maxwell Smith	15,000	–	–	15,000

2012 Name	Balance at the start of the year	Granted during the year	Purchase during the year	Balance at the end of the year
Directors of Countplus Limited				
Ordinary shares				
Barry Martin Lambert	4,633,333	–	–	4,633,333
Michael James Spurr	35,000	–	–	35,000
Philip Stephen Rix	1,036,824	7,428	–	1,044,252
Graeme Hilton George Fowler	12,945	–	–	12,945
Donald Kenneth Sharp	–	–	–	–
David Maxwell Smith	15,000	–	–	15,000

(c) Other transactions with key management personnel

A Non-Executive Director of the Company, David Smith, is a Director of Smithink Pty Ltd, which was paid fees amounting to $49,000 (2012: $15,200) for professional consulting services by Countplus and Countplus subsidiaries.

No other transactions were involved with key management personnel during the financial year 2013 (2012: $nil).

31 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2013 $	2012 $
Audit services – Ernst & Young		
*Audit services**		
Audit and review of financial reports	**337,000**	355,500
Total remuneration for audit and other services	**337,000**	355,500
Non audit services		
Total remuneration for taxation services	**–**	–
Total remuneration of Ernst & Young	**337,000**	355,500

*Amount expensed during the year. The comparative number in this disclosure excludes non-Ernst & Young audit fees.

32 Contingencies

Contingent liabilities

Guarantees

Guarantees given in respect of leases and premises amounted to $435,870 (2012: $629,407) for the Group. No material losses are anticipated in respect of this guarantees.

33 Commitments

(a) Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

	2013 $'000	2012 $'000
Property, plant and equipment		
Payable:		
Within one year	**48**	11
Later than one year but not later than five years	**31**	20
	79	31
Intangible assets		
Payable:		
Within one year	**41**	–
	41	–
Total capital commitments	**120**	31

The Group has a commitment for capital expenditure totalling $120,000 (2012: $31,000) as at 30 June 2013. The commitments relates to the capital expenditure for office equipment and software and are due to be settled within 35 months of the reporting date.

(b) Lease commitments

(i) Operating leases

The Group has entered into commercial property leases for various offices under non-cancellable lease contracts. These leases are expiring at different times up to eight years from the reporting date. The leases are subject to different terms and conditions and rent renewals. The Group also leases various office equipment under non-cancellable operating leases.

	2013 $'000	2012 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,125**	4,186
Later than one year but not later than five years	**6,200**	7,512
Later than five years	**250**	500
	10,575	12,198

(ii) Finance leases

The Group leases various office equipment, motor vehicles and leasehold improvements under finance leases. As at the reporting date, the Group has no finance lease liabilities. As at 30 June 2012, the future commitments under these leases were as follows:

	2013 $'000	2012 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**–**	91
Later than one year but not later than five years	**–**	16
Minimum payments	**–**	107
Future finance charges	**–**	–
Total liabilities	**–**	107
Representing lease liabilities:		
Current (note 18)	**–**	91
Non-current (note 23)	**–**	16
	–	107

(c) Hire purchase commitments

The Group leases various office equipment, motor vehicles and leasehold improvements under hire purchase arrangement. The future commitments under these categories are as follows:

	2013 $'000	2012 $'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	**228**	360
Later than one year but not later than five years	**107**	187
Minimum payments	**335**	547
Future finance charges	**(22)**	(74)
Total liabilities	**313**	473
Representing hire purchase liabilities:		
Current (note 18)	**213**	327
Non-current (note 23)	**100**	146
	313	473

(d) Remuneration commitments

	2013 $'000	2012 $'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**888**	–
Later than one year and not later than five years	**2,335**	–
	3,223	–

34 Related party transactions

(a) Parent entities

The parent entity within the Group is Countplus Limited.

During 2011, Countplus Pty Limited converted to a public company (Countplus Limited) and ceased to be a controlled subsidiary of Count Financial. During 2012, Count Financial was fully acquired by the Commonwealth Bank of Australia. Count Financial retains an ownership interest in Countplus Limited of 37.2% as at 30 June 2013 (2012: 37.5%).

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 35.

Transactions between the Company and its subsidiaries during the year consisted of:
- the loans advanced by the Company to subsidiaries;
- the payment of dividends to the Company by subsidiaries; and
- the remittance of profits to the Company by subsidiaries.

Interest is payable at 10% p.a. on the loans advanced by the Company to subsidiaries. At year end, all loan balances, payment of dividends and the remittance of profits between the Company and these subsidiaries were eliminated on consolidation.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 30.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2013 $	2012 $
Sales of goods and services		
Net fees and commissions received from Count Financial	**15,078,371**	13,697,110
Loyalty payments from Count Financial	**1,691,231**	1,511,000
	16,769,602	15,208,110

Seventeen subsidiaries of the Group are franchisees of Count Financial and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial are income received by Countplus Limited under a 'Relationship Deed' agreement.

Countplus Limited entered into a 'Relationship Deed' agreement with Count Financial Limited on 4 November 2010. Count Financial granted Countplus 'Most Favoured Nation Status' (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the Countplus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other member of the Count Group. Count will pay Countplus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of Countplus FUM with that Platform Provider. Count will pay Countplus 50% of any revenue received from an Asset Financier in relation to Asset Financing for Countplus' clients, customers and associates. Countplus received fees and commissions of $1,322,487 (2012: $1,639,143) from Count Financial in accordance with the terms set out in the Relationship Deed.

The amount of $1,691,231 represents the loyalty payments from Count Financial in accordance with the methods defined under the Loyalty Payment Framework which was established as a result of the takeover of Count Financial by the Commonwealth Bank of Australia. Under the framework, Count franchisees are entitled to receive a loyalty payment calculated based on their contribution to Count Financial's income. Seventeen subsidiaries of the Group are franchisees of Count Financial and were therefore recipients of the loyalty payment.

	2013 $	2012 $
Other transactions		
Service fee paid to Count Financial	**262,500**	504,167
Interest expense paid to Count Financial	**259,835**	376,761
	522,335	880,928
Premises expenses [1]		
Bartonwood Pty Ltd [2]	**144,702**	143,363
Catalyst Finance Pty Ltd [3]	**182,738**	177,418
The Southport Unit Trust [4]	**233,027**	255,406
Rosebead Pty Ltd [5]	**52,300**	–
Free Carry Pty Ltd [6]	**55,600**	–
	668,367	576,187

1 Premises expenses with related parties are set and maintained at commercial rates, with reviews carried out per the terms of standard contracts.
2 Bartonwood Pty Ltd is an unlisted entity controlled by Mr A C Dalwood. Mr A C Dalwood was a former Principal of Crosby Dalwood Pty Ltd, a wholly owned subsidiary of the parent entity. Mr A C Dalwood still provides consulting services to the entity.
3 Catalyst Finance Pty Ltd is an unlisted entity controlled by Mr D Glover, Mr C Bartlett and Ms J Beverley. Mr D Glover, Mr C Bartlett and Ms J Beverley are also the Principals of Evolution Advisers Pty Ltd, a wholly owned subsidiary of the parent entity.
4 Mr M Beddoes and Mr G Missen are Directors of MBA Bookkeeping Pty Ltd, the trustee for the Southport Unit Trust. Both Mr M Beddoes and Mr G Missen are Principals of The MBA Partnership Pty Ltd, a wholly owned subsidiary of the parent entity.
5 Rosebead Pty Ltd is an unlisted entity and the trustee for the Muttama Superannuation Fund. Mr M Twomey, Mr G Twomey, Ms R Twomey, and Ms M Twomey are joint beneficiaries of the Muttama Superannuation Fund. Mr M Twomey is a Principal of Twomeys Pty Ltd, a wholly owned subsidiary of the parent entity. Mr G Twomey and Ms M Twomey are employees of Twomeys Pty Ltd.
6 Free Carry Pty Ltd is an unlisted entity as the trustee for the FIFO Superannuation Fund controlled by Mr P Beames and Mr R Beames. Mr P Beames and Mr R Beames are Principals of Beames & Associates Pty ltd, a wholly owned subsidiary of the parent entity.

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of reporting period in relation to transactions with related parties:

	2013 $	2012 $
Current receivables		
Receivable from Count Financial Limited	**2,002,223**	1,686,000
Loan to Home Port Property Group	**–**	10,000
Current payables		
Payable to Count Financial Limited	**75,000**	175,000
Non-current payables (loans)		
Loans payable to Count Financial Limited	**–**	7,520,000

Current receivables

The above current receivable from Count Financial Limited includes the loyalty payments totalling $1,651,768 (2012: $1,511,000) and a rebate receivable of $350,455 (2012: $175,000). These are included in 'Trade and other receivables' in note 10.

In 2012, the loan to Home Port Property Group, which is 50% owned by Pacific East Coast, was an unsecured interest free loan which was settled in December 2012. This was included in 'Loans and advances' in note 11.

Current and non-current payables

The above current payable is the deferred cash consideration payable to Count Financial for the acquisition of CountGPS (now ChangeGPS) and is included in 'Other current liabilities' in note 21.

35 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Equity holding	
			2013	2012
Name of entity	Country of incorporation	Class of shares	%	%
1. The MBA Partnership Pty Ltd*	Australia	Ordinary	**100**	100
2. Lawrence Business Management Pty Ltd*	Australia	Ordinary	**100**	100
• Supergeneration Pty Ltd (formerly Capital Legal Pty Ltd)	Australia	Ordinary	**100**	100
• Docpro Pty Ltd	Australia	Ordinary	**100**	–
3. Twomeys Pty Ltd (formerly HMA Twomey Patterson Pty Ltd)*	Australia	Ordinary	**100**	100
4. Bentleys (WA) Pty Ltd*	Australia	Ordinary	**100**	100
5. Beames & Associates Accounting and Financial Services Pty Ltd*	Australia	Ordinary	**100**	100
• Beames & Associates Co Ltd (Vietnam office)	Vietnam	Ordinary	**100**	100
• Cooma Accounting and Financial Services Pty Ltd	Australia	Ordinary	**100**	100
6. Specialised Business Solutions Pty Ltd*	Australia	Ordinary	**100**	100
7. Mogg Osborne Pty Ltd*	Australia	Ordinary	**100**	100
8. Crosby Dalwood Pty Ltd*	Australia	Ordinary	**100**	100
9. Cooper Reeves Pty Ltd*	Australia	Ordinary	**100**	100
10. Countplus MBT Pty Ltd*	Australia	Ordinary	**100**	100
11. Evolution Advisers Pty Ltd*	Australia	Ordinary	**100**	100
12. Robson Partners Pty Ltd*	Australia	Ordinary	**100**	100
13. Achieve Corporation Pty Ltd*	Australia	Ordinary	**100**	100
14. Kidmans Partners Pty Ltd*	Australia	Ordinary	**100**	100
15. 360 Financial Vision Pty Ltd*	Australia	Ordinary	**100**	100
16. Wearne & Co Pty Ltd*	Australia	Ordinary	**100**	100
17. Cartwright Brown and Company Financial Planning Pty Ltd*	Australia	Ordinary	**75**	75
18. Countplus FS Holdings Pty Ltd (TFS group)*	Australia	Ordinary	**100**	100
• Total Financial Solutions Australia Limited	Australia	Ordinary	**100**	100
• TFS Operations Pty Limited	Australia	Ordinary	**100**	100
19. Change Accountants & Advisors Pty Ltd*	Australia	Ordinary	**100**	100
• ChangeGPS Pty Ltd (formerly Count GPS Pty Ltd)	Australia	Ordinary	**100**	100
20. Kidmans PEC Pty Ltd (PEC group)*	Australia	Ordinary	**100**	100
• Pacific East Coast Pty Ltd	Australia	Ordinary	**100**	100
• Property Investment Management Ltd	Australia	Ordinary	**100**	100
• Pacific East Coast Securities Ltd	Australia	Ordinary	**100**	100
• Pacific East Coast Accounting Pty Ltd	Australia	Ordinary	**100**	100
• Pacific East Coast Real Estate Pty Ltd	Australia	Ordinary	**100**	100
• Pacific East Coast Queensland Pty Ltd	Australia	Ordinary	**100**	100
• Pacific East coast ACT Real Estate Pty Ltd	Australia	Ordinary	**100**	100
• Pacific East Coast WA Pty Ltd	Australia	Ordinary	**100**	100

* These subsidiaries (Member Firm groups) are separate cash generating units.

• These entities are consolidated into the respective cash generating units (CGUs) identified above.

36 Business combinations

Current period

Summary of acquisitions

On 4 July 2012, subsidiary Kidmans Partners Pty Ltd acquired the business assets of professional services firm Dyason Accounting for a total consideration of $191,685. Initial consideration of $116,685 was paid in cash with a deferred consideration in cash and equity of $35,000 and $40,000 respectively to be settled by December 2013, subject to terms of retention and performance.

On 7 January 2013, subsidiary Kidmans Partners Pty Ltd acquired the business assets of A.R. Grieves & Associates for a total consideration of $297,479. Initial consideration of $207,479 was paid in cash with the balance of $90,000 to be paid in deferred equity consideration over 2 years based on client retention and performance.

On 28 June 2013, subsidiary 360 Financial Vision Pty Ltd acquired the business assets of NDG for a total consideration of $882,695. Initial consideration of $792,695 was paid in cash with the balance of $90,000 to be paid in deferred cash consideration in 12 months based on client retention and performance.

Year ended 30 June 2013	Dyason accounting Fair value at acquisition date $'000	A.R. Grieves Fair value at acquisition date $'000	NDG Fair value at acquisition date $'000
Contribution since acquisition			
Gross revenue	272	82	–
Net profit	–	–	–
Assets and liabilities acquired			
Trade and other receivables	–	–	81
Deferred tax assets	–	–	5
Acquired Client Relationships	50	75	300
Total Assets	50	75	386
Trade and other payables	–	–	–
Provisions	(8)	(2)	(16)
Deferred tax liabilities	(15)	(23)	(90)
Other liabilities	–	–	(24)
Total Liabilities	(23)	(25)	(130)
Fair value of identifiable net assets	27	50	256
Goodwill arising on acquisition	165	247	627
Acquisition date fair value of consideration transferred	192	297	883
Cash paid	117	207	793
Deferred cash consideration*	35	–	90
Deferred equity consideration*	40	90	–
Total consideration	192	297	883

The fair value of assets and liabilities acquired in these business combinations has been provisionally determined based on available information. This particularly impacts fair values for acquired customer relationships (ACR) as part of the business combinations and the related deferred tax liabilities which were not complete as at the reporting date.

Key factors contributing to goodwill are synergies existing within the acquired businesses, superior management and superior service offerings. None of the goodwill recognised is expected to be deductible for tax purposes.

*Refer to note 2(v).

Contribution of entities acquired during the period

The above acquisitions made during 2013 contributed a gross revenue of $353,752 to the consolidated statement of comprehensive income, however, no material contribution was made to net profit after tax. Had the acquisitions occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included gross revenue and net profit of approximately $997,480 and $83,371 respectively.

After the reporting period

Business combinations completed after the end of the reporting period are detailed in note 38. The acquisition accounting for these business combinations had not been completed at the time the financial statements were being prepared. During the measurement period, these acquisitions will be provisionally accounted for until purchase price accounting is finalised, at which point the financial effects of these business combinations will be fully disclosed.

Prior period

(a) Summary of acquisition

On 1 July 2011, subsidiary Countplus MBT acquired the business assets of accounting and financial planning firm, Loughhead Roberts. Under the terms of the share sale deed, initial consideration of 70% was paid in cash with the remaining 30% to be paid over 2 years. The deferred consideration is subject to terms of retention.

On 1 July 2011, the parent entity acquired the remaining 50% of ChangeGPS (formerly known as CountGPS) from Count Financial, a subscription based business that services the accounting sector. Under the terms of the share sale deed, deferred cash consideration is payable over 2 years. The carrying value of existing holding approximates fair value.

On 11 February 2012, subsidiary Kidmans PEC Pty Ltd completed the acquisition of the Pacific East Coast group. The initial purchase consideration was paid in cash. Subsequent performance based payments to the sellers will involve cash and equity payments.

On 29 February 2012, subsidiary Beames & Associates completed the acquisition of business assets of accounting firm, Mark Kenmir & Associates (Cooma Accounting). Consideration is a combination of cash and equity payable over 2 years subject to terms of retention.

On 31 March 2012, subsidiary Achieve Corporation Pty Ltd acquired the salary packaging and payroll management assets of Melbourne based firm, Contract1 Pty Limited. Purchase consideration is cash only and will be paid over 12 months subject to terms of retention.

	Loughhead Roberts**	Change GPS*	Contract 1	Pacific East Coast Group**	Cooma Accounting and Financial Services	Other
Year ended 30 June 2012	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000
Contribution since acquisition						
Gross revenue	2,101	762	66	2,602	456	–
Net profit	352	408	42	203	104	–
Assets and liabilities acquired						
Cash and cash equivalents	–	255	–	757	–	–
Trade and other receivables	–	156	–	2,714	–	–
Property, plant and equipment	15	5	–	1,345	–	–
Deferred tax assets	–	–	–	990	–	–
Acquired Client Relationships	326	–	–	325	200	–
Intangible Assets other (excl. ACRs)	–	1	–	1,258	–	–
Other assets	–	15	–	1,255	–	–
Total Assets	341	432	–	8,644	200	–
Trade and other payables	–	97	–	1,992	–	–
Provisions	134	5	–	290	32	–
Borrowings	–	94	–	–	–	–
Deferred tax liabilities	58	26	–	516	60	–
Other liabilities	–	210	–	1,219	–	–
Total Liabilities	192	432	–	4,017	92	–
Fair value of identifiable net assets	149	–	–	4,627	108	–
Goodwill arising on acquisition	984	175	371	2,020	592	191
Acquisition date fair value of consideration transferred	1,133	175	371	6,647	700	191
Cash paid	770	–	278	3,283	250	161
Deferred cash consideration	363	175	93	2,393	250	30
Deferred equity consideration	–	–	–	971	200	–
Total consideration	1,133	175	371	6,647	700	191

*Formerly known as CountGPS
**Firms having restated balances due to finalisation of Purchase price accounting

The acquired deferred tax assets stated above offsets the acquired deferred tax liabilities when it is presented in the statement of financial position.

Contribution of entities acquired during the prior period

The consolidated statement of comprehensive income includes gross revenue and net profit for 2012 of $5,987,000 and $1,109,000 respectively, as a result of the above acquisitions. Had the acquisitions occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included gross revenue and net profit of approximately $10,958,000 and $1,637,631 respectively.

'Other' acquisitions represent aggregate information for the business combinations completed in the year that are considered to be individually immaterial.

All acquisitions disclosed in 'other' relate to the acquisition of client fees and are 'tuck in' acquisitions to existing Countplus businesses.

37 Investments in associates

(a) Carrying amounts

On 31 October 2012, the parent entity acquired a 25% share in South Australian professional services firm, Hood Sweeney Pty Ltd. Consideration for the investment was a cash payment of $3.75m with further performance based payments over 2 years.

On 15 May 2013, Countplus subsidiary Change Accountants & Advisors Pty Ltd acquired a 30% share in My Accounts Pty Ltd. Consideration for the investment was a cash payment of $0.31m.

Information relating to associates is set out below.

		Ownership interest		Interests in associates	
		2013	2012	2013	2012
Name of company	Principal activity	%	%	$	$
Hood Sweeney Pty Ltd	Business services	**25**	–	**4,687,500**	–
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)	Property investments and consultancy	**50**	50	**1**	1
Home Port Property Group Unit Trust	Unit trust	**50**	50	**1**	1
My Accounts Pty Ltd	Book keeping service	**30**	–	**308,534**	–
				4,996,036	2

(b) Movements in carrying amounts

	2013	2012
	$	$
At 1 July	**2**	–
Interests acquired in associates	**4,996,036**	2
Share of profits after income tax	**486,338**	–
Trust distributions received after tax	**(48,788)**	–
Dividends received / receivable	**(209,834)**	–
At 30 June	**5,223,754**	2

There are no other investments in associates for the years ending 30 June 2013 and 30 June 2012.

38 Events occurring after the reporting period

In July 2013, Countplus subsidiary 360 Financial Vision Pty Ltd acquired the business assets of Port Macquarie, NSW accounting firm, Advantage Accountants & Business Consultants Pty Ltd. Consideration for the purchase was $1,085,000. Purchase consideration is to be settled in 2 instalments.

In July 2013, Countplus subsidiary 360 Financial Vision Pty Ltd acquired the business assets of Port Macquarie, NSW accounting firms, Harrison & Siepen. Consideration for the purchase was $252,970. Purchase consideration is to be settled in 3 instalments.

In July 2013, Countplus subsidiary 360 Financial Vision Pty Ltd acquired the business assets of Coffs Harbour, NSW accounting sole practitioner, Mark Palmer CA. Consideration for the purchase was $325,000. Purchase consideration is to be settled in 3 instalments.

In July 2013, Countplus subsidiary Countplus MBT Pty Ltd acquired the business assets of Sydney accounting and financial firm, Peak Financial Services Pty Ltd. Consideration for the purchase was $667,500. Purchase consideration is to be settled in 3 instalments.

In July 2013, the Directors of Countplus have approved a strategic investment of $2.15m (an approximate 4% interest) in Super-IP, the owner of Self-Managed Superannuation Fund (SMSF) software administration system – Class Super.

On 12 August 2013, Countplus Limited entered into a short-term overdraft facility with the Commonwealth Bank for $3m, expiring 31 October 2013 for the purposes of settling the acquisitions and investments noted above.

On 22 August 2013, the Company declared its first quarterly dividend for 2013/14 of 3 cents per share payable on 15 November 2013 (record date: 25 October 2013).

On 26 August 2013, Countplus Limited Director Graeme Fowler acquired 5,650 additional shares in Countplus Limited.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:
(a) the Group's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

39 Reconciliation of profit after income tax to net cash inflow from operating activities

	2013 $'000	2012 $'000
Net profit from operations after income tax for the year	**11,083**	11,310
Depreciation and amortisation	**4,596**	4,915
Loss on disposals	**204**	–
Employee loyalty share plan / Share based payments	**351**	300
Bad debt written off / provision for impairment of receivables and work in progress	**(130)**	683
Fair value gain on deferred consideration	**(139)**	(300)
Share of associates' net profits	**(486)**	–
Dividends from associate entities	**261**	–
Gain on fair value of investment	**–**	199
Net (gain)/loss on disposal of assets	**21**	43
Write-offs	**322**	45
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(1,719)**	(1,663)
(Increase)/decrease in work in progress	**(517)**	(13)
Increase/(decrease) in trade and other payables	**1,651**	944
Increase/(decrease) in provision for income taxes payable	**(937)**	(2,007)
Increase/(decrease) in net deferred tax liabilities	**285**	(723)
Increase/(decrease) in employee and other provisions	**694**	205
Net cash inflow (outflow) from operating activities	**15,540**	13,938

40 Earnings per share

	2013 Cents	2012 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary owners of the company	**9.98**	10.23
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary owners of the company	**9.98**	10.23

(c) Reconciliations of earnings used in calculating earnings per share

	2013 $'000	2012 $'000
Basic earnings per share		
Profit attributable to the ordinary owners of the company used in calculating basic earnings per share		
From continuing operations	**10,920**	11,155
Diluted earnings per share		
Profit attributable to the ordinary owners of the company:		
From continuing operations	**10,920**	11,155

(d) Weighted average number of shares used as the denominator

	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**109,432,792**	109,090,638
Adjustments for calculation of diluted earnings per share:		
Loan funded share plan	**6,412**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**109,439,204**	109,090,638

41 Share based payment plans

a) Loan funded share plan

Long-term incentive awards are delivered to employees in the form of a loan funded share plan (LFSP). Under the plan, employees who have contributed to group performance may be granted an allocation of loan-funded shares which are held on their behalf by an employee share trust. The LFSP is fully funded by a non-recourse interest-free loan, over a maximum of 5 years, provided by the Company. LFSP shares are held by the trust until the vesting conditions are satisfied and the loan is repaid. The shares will normally vest with the employee when the participant remains in continuous employment with the subsidiary for a period of 3 years commencing on the grant date. Additional performance based vesting conditions applies to Directors of subsidiaries. Unvested shares held by the trust are owned by the consolidated entity and recorded at cost in the consolidated statement of financial position within equity as treasury shares (see note 1(b)(iii)). Dividends paid by the Company on shares in the LFSP are partly distributed to the participants to meet taxation liabilities. The remainder is applied to repay the loan balance and is eliminated on consolidation. A transfer is made from retained earnings to a separate reserve on consolidation for the amount of the dividend applied to the loan.

Any forfeited shares may be reallocated in subsequent grants.

The fair value of loan funded shares is estimated at grant date using a binomial model, taking into account the terms and conditions of the grant.

The first grant of loan funded shares was made on 15 January 2013 of 486,889 shares to 50 employees at an issue price of $1.50 per share.

The fair value of loan funded shares in this grant was estimated to be 59.06c per right. The key inputs used in the binomial model to determine fair value were: expected volatility of 40%, a risk free interest rate of 2.96%, and an expected life of 5 years. The expected life is based on current expectations and may not be indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility over a period similar to the expected life of the loan funded shares is indicative of future trends, which may not necessarily be the outcome. Under the plan, dividends are applied to reduce the loan balance so a 0% dividend yield was used in the model.

The share based payment expense associated with the LFSP was $47,313 and is disclosed in note 6.

The remaining contractual life for shares issued in the plan is 4.5 years. No shares issued under the plan were vested, exercised or forfeited during the period.

b) Employee loyalty equity plan

On 15 April 2013, all full time employees (excluding firm Principals) with a service period of 12 months or more, received an allocation of $1,000 worth of Countplus shares (part time employees received a proportional entitlement). A total of 177,775 shares were issued to 342 employees at an issue price of $1.71 per share. The share based payment expense associated with this issue was $303,995 (2012: $299,841) and is disclosed in note 6. Future issues of shares under this plan to employees will be subject to earnings performance hurdles of each subsidiary.

42 Parent Entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $'000	2012 $'000 (Restated)*
Balance sheet		
Current assets	**6,146**	1,348
Non-current assets	**123,284**	126,549
Total assets	**129,430**	127,897
Current liabilities	**9,120**	8,722
Non-current liabilities	**18,027**	7,715
Total liabilities	**27,147**	16,437
Net Assets	**102,283**	111,460
Shareholders' equity		
Contributed equity	**121,186**	119,901
Reserves	**70**	–
Retained earnings	**(18,973)**	(8,441)
	102,283	111,460
Profit or loss for the year	**2,652**	9,854
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income	**2,652**	9,854

The balance sheet for the prior period (2012) has been restated due to an error in the 2012 Financial Statements.

* Non-current assets have been reduced by $2,021,000 and retained earnings have been reduced by $2,021,000.

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees in respect of bank overdrafts or loans of subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 (30 June 2012: $nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2013, the parent entity had no contractual commitments (30 June 2012: $nil).

Directors' Declaration

In the Directors' opinion:

The attached financial statements and notes thereto comply with the Accounting Standards:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

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

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001* (Cth).

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

On behalf of the Directors

Barry Martin Lambert
Director
Sydney
12 September 2013

Independent Auditor's Report to the Members of Countplus Limited

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com

Independent auditor's report to the members of Countplus Limited

Report on the financial report

We have audited the accompanying financial report of Countplus Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of 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 year's 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* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Countplus 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 2013 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 Note 1(a)(i).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Countplus Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
Sydney
12 September 2013

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of shares as at 18 September 2013 are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	302	181,395
1,001 – 5,000	710	1,925,839
5,001 – 10,000	266	2,075,212
10,001 – 100,000	364	10,699,384
100,001 and over	117	95,244,039
Total	1,759	110,125,869

Holding less than a marketable parcel - 21 holders.

b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 18 September 2013 are:

		Listed Ordinary Shares – Fully Paid	
		Number	Percentage
1.	COUNT FINANCIAL LIMITED	40,945,747	37.18%
2.	MR BARRY MARTIN LAMBERT	4,064,729	3.69%
3.	ACN 137 064 236 PTY LTD	3,116,994	2.83%
4.	TIMLYN INVESTMENTS PTY LTD <SBS MUNRO A/C>	2,294,599	2.08%
5.	SANTOS L HELPER PTY LTD <THE SBS VAN PAASSEN A/C>	2,165,282	1.97%
6.	NATIONAL NOMINEES LIMITED	2,094,133	1.90%
7.	JOY WILMA LILLIAN LAMBERT	1,333,333	1.21%
8.	SERENITY DREAM PTY LTD <SHARON MITCHELL FAMILY A/C>	1,331,463	1.21%
9.	MR JOSEPH JAMES LAWRENCE <JOE LAWRENCE #2 A/C>	1,019,345	0.93%
10.	MR THOMAS BRIAN LAWRENCE <TOM LAWRENCE FAMILY A/C>	1,019,345	0.93%
11.	E30R PTY LTD	1,016,583	0.92%
12.	HARVEY INVESTMENT COMPANY PTY LTD <SEASTAR INVESTMENT A/C>	923,459	0.84%
13.	MR MICHAEL ALLAN BEDDOES <BEDDOES PRACTICE A/C>	923,458	0.84%
14.	DR & DE HOLDINGS PTY LIMITED <DR & DE HOLDINGS UNIT A/C>	770,322	0.70%
15.	COBRAM BUSINESS SERVICES PTY LTD	728,000	0.66%
16.	DANTHOM PTY LTD <REEVES INVESTMENT A/C>	718,166	0.65%
17.	J P MORGAN NOMINEES AUSTRALIA LIMITED	716,358	0.65%
18.	OLD RLF PTY LTD <RIX ACCOUNTING A/C>	698,644	0.63%
19.	MR JONATHAN EDWARD CARCICH <IMPERIAL BUSINESS A/C>	698,643	0.63%
20	COBRAM INVESTMENT SERVICES PTY LTD	695,574	0.63%
		67,274,177	61.08%

c) Substantial Shareholders

	Listed Ordinary Shares – Fully Paid	
Ordinary Shareholders	Number	Percentage
COUNT FINANCIAL LIMITED	40,945,747	37.18%

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Investors' Information

Share Trading

Countplus Limited's fully paid ordinary shares are listed on the Australian Stock Exchange and are traded under the code CUP.

Shareholders' Enquiries

Investors seeking information regarding their shareholding or wishing to change their address, should contact our share registry:

Computershare Investor Services Pty Ltd

Address:	Level 4
	60 Carrington Street
	Sydney NSW 2000
Telephone:	1300 850 505
	+61 2 8234 5000
Fax:	+61 2 8235 8150

Any other enquiries relating to Countplus Limited can be directed to Countplus at:

Postal Address:	GPO Box 1453
	Sydney NSW 2001
Telephone:	+61 2 8272 0491
Email:	info@countplus.com.au

Voting Rights

At a General Meeting, every member present in person or by proxy or attorney, or in the case of a corporation by a representative duly authorised under the seal of that corporation, has one vote on a show of hands and in the event of a poll, one vote for each ordinary share held by the member. Options carry no voting rights.

Corporate Directory

Registered Office

Gold Fields House
Level 19
1 Alfred Street
Sydney NSW 2000
Telephone: +61 2 8272 0491
Facsimile: +61 2 9241 7342

Board of Directors

Current Board Member	Position
Barry Martin Lambert	Executive Chairman
Michael James Spurr	Managing Director
Philip Stephen Rix	Executive Director
Graeme Hilton George Fowler	Non-Executive Director
Donald Kenneth Sharp	Non-Executive Director
David Maxwell Smith	Non-Executive Director

Company Secretary

Arlette Jubian

Website

www.countplus.com.au

Accountants

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: +61 2 9322 7000
Facsimile: +61 2 9322 7001

Bankers

Commonwealth Bank of Australia

Independent Auditors

Ernst & Young
680 George Street
Sydney NSW 2000
Telephone: +61 2 9248 5555
Facsimile: +61 2 9248 5218

Share Registry

Computershare Investor Services Pty Ltd
Level 4
60 Carrington Street
Sydney NSW 2000
Telephone: +61 2 8234 5000
1300 850 505
Facsimile: +61 2 8235 8150

Solicitors

Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000
Telephone: +61 2 8915 1000
Facsimile: +61 2 8916 2000

Shareholders' Calendar

Annual General Meeting

The Annual General Meeting for shareholders of Countplus Limited will be held at:

Address: Computershare
Level 4, 60 Carrington Street
Sydney NSW 2000

Time: 10.00 am

Date: Tuesday 12 November 2013

Dividends Declared

A fully franked dividend for the 2014 financial year of three cents per ordinary share was declared on 21 August 2013 to investors registered at the close of business on 25 October 2013. The shares went ex-dividend on 21 October 2013.

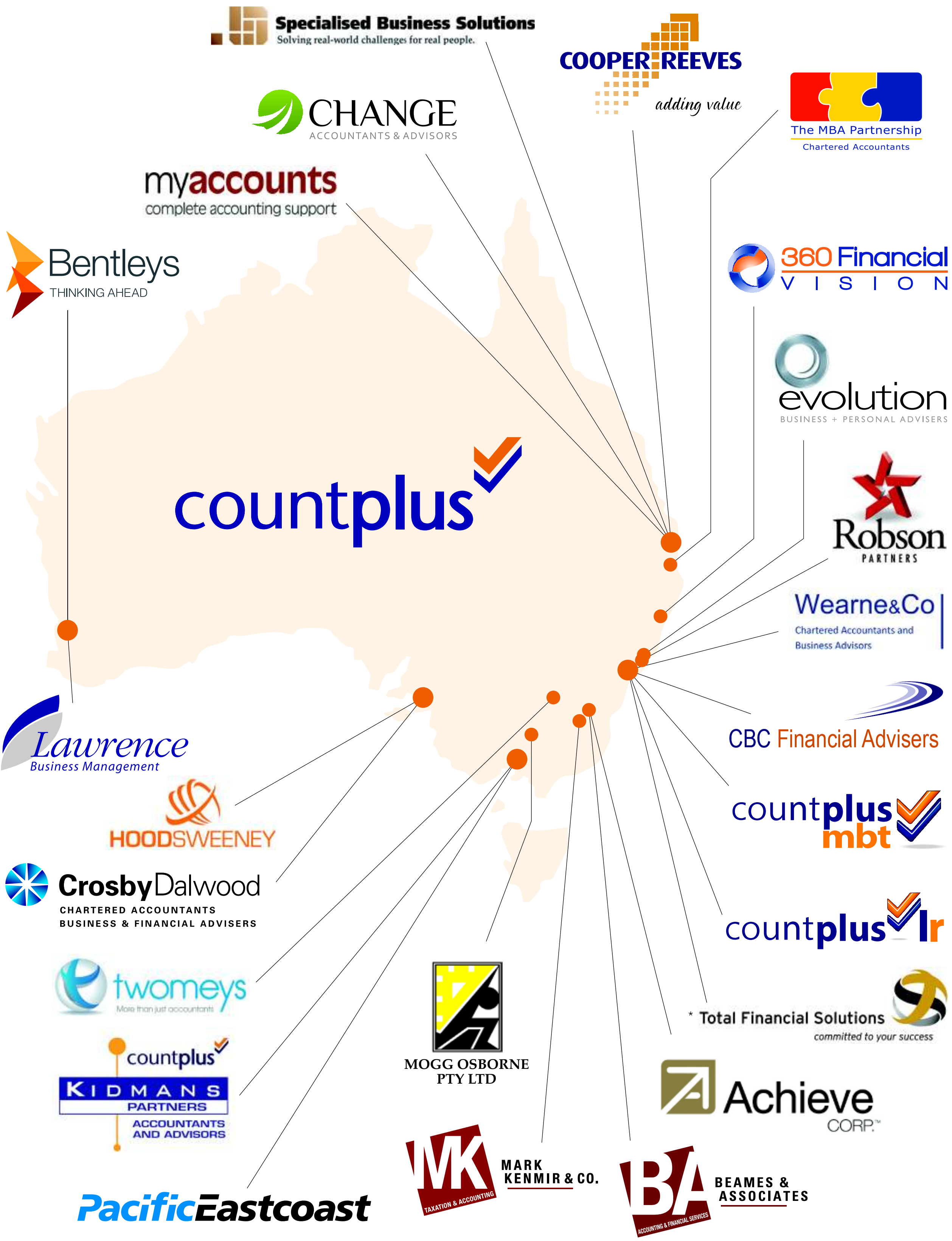
Dividends Paid/Payable

Dividends Paid 2011/12	Cents per share	Paid
1st Interim Dividend	3 cents	15 November 2011
2nd Interim Dividend	3 cents	15 February 2012
3rd Interim Dividend	3 cents	15 May 2012
Final Dividend	3 cents	15 August 2012
Dividends Paid 2012/13	**Cents per share**	**Paid**
1st Interim Dividend	3 cents	15 November 2012
2nd Interim Dividend	3 cents	15 February 2013
3rd Interim Dividend	3 cents	15 May 2013
Final Dividend	3 cents	15 August 2013
Dividends Payable 2013/14	**Cents per share**	**Payable**
1st Interim Dividend	3 cents	15 November 2013

Proposed Future Dividends

Dividend 14 February 2014
Dividend 15 May 2014
Dividend 15 August 2014
Dividend 14 November 2014

Countplus Member Firms



* Total Financial Solutions is a national group with offices across 5 states. Their head office is in Sydney, NSW.

Head Office
Level 19
1 Alfred Street
Sydney NSW 2000
Tel: 02 8272 0491

www.countplus.com.au