Annual Report
2016

About Countplus

Countplus is a national aggregation network of 18 professional services practices; 17 accounting/business advisory firms, a financial planning specialist, a property services group, a financial planning dealer group and 2 initiatives – BLUE789 & ADVICE389. We operate out of 40 offices in 23 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 advices 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.**

This report has been prepared by Countplus Limited (ABN 11 126 990 832) (Countplus) with information obtained from various sources deemed to be reliable. Past performance information given in this document should not be relied upon as an indication of future performance. This report and Countplus' recommendation do not take into account your individual financial situation, needs or objectives.

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Chairman's Report

Barry Lambert
Chairman

Countplus Limited (ASX Code: CUP)

On behalf of our Directors, I am pleased to report a record Net Profit after Tax (NPAT) of $13.98m. This record result was driven by the outstanding performance of our investment in Class Limited (ASX Code: CL1) following its listing on the ASX in December 2015.

A fully franked dividend of 8c per share paid by Countplus for the 2015/16 year, via 2 cent quarterly dividends.

Acquisitions and New Initiatives

As reported elsewhere in this Annual Report, we have approved a number of small "tuck-in" acquisitions during 2015/16 and more are expected for 2016/17. These new investments have been funded from cash earnings and borrowings. Our net debt at 30 June 2016 was $19.28m, or approximately 1.4 times our after tax profit.

As previously advised, acquisition progress has been slower than anticipated on our initiatives – ADVICE389 and BLUE789. We maintain our commitment to these long term initiatives by utilising existing resources within the Company.

Business Model Revamped

We are continuing the process of allowing our existing firms to buy back part of their existing businesses under our Direct Equity Plan (DEP). DEP brings our existing firms in line with our new business model. We believe this is the right model for the future and further buy-backs are expected over the next few years.

Significant Minority Investments

Class Limited

A fast growing cloud based Self-Managed Super software provider, the number of billable funds held by Class has now passed 110,000 funds. As Chairman of Class, I do not make investment decisions on behalf of Countplus in relation to Class.

The value of our investment in Class at 30 June was $20.88m.

Hood Sweeney

Hood Sweeney (HS) a large South Australian professional services group, had another good year. As a result of capital management activity, our interest increased to 32% during the year.

CBA Shareholding

The Commonwealth Bank of Australia indirectly remains the largest shareholder of Countplus.

Board Renewal

Having been the Chairman of Countplus since its inception 10 years ago, with new management in place and more recently with the announcement of new directors, it is time for me to make way for a new Board. As such, I have advised the Board that I will be stepping down within the next 12 months.

Alison Ledger

Alison Ledger will be appointed to the Board, effective 1 October 2016. Alison completed her studies and started her career in the United States of America. She is McKinsey trained and has held senior executive positions in banking, funds management and insurance. She brings a wealth of experience in digital transformation, product innovation and change management.

Matthew Rowe

Matthew Rowe will be appointed to the Board, effective 1 October 2016. Matthew was a very successful CEO of Hood Sweeney and for the time being, will not be regarded as independent. Matthew has a strong record of giving back to the community and recently served for four years as the Chair of the Financial Planning Association in a period of rapid change and led the transition of the FPA from an industry body to a professional association.

Philip Rix

Our Member's representative Phil Rix will be stepping down at the AGM in November. We thank Phil for his valuable contributions during his tenure. Phil will continue to head our subsidiary Bentleys in WA.

Further Board changes can be expected.

Summary

We have new management, a new model, a renewed Board and I believe the right strategy in place to achieve success and drive the performance of Countplus. We have some good investments but unfortunately some that are underperforming. The new board inherits the challenging task of helping all our businesses to perform.

Thank you for being a Countplus shareholder.

Barry Lambert
Director
Sydney
22 September 2016

Chief Executive Officer's Report

Phillip Aris
Managing Director and Chief Executive Officer

I am pleased to present my report for the 2016 year. Our results reflect a record Net Profit after Tax of $13.98m (up 38%) for the year ended 30 June 2016. This increase is due to the fair value gain on our investment in Class Limited partially offset by a $2.7m impairment expense and higher tax expense from the tax deconsolidation of 3 member firms under our Direct Equity Plan (firm buyback). We continue our progressive restructuring program including our on-going firm buyback program which better positions our Group for the future by aligning our Principals and senior managers to share directly in their own businesses and drive improved performance.

I join with the Chairman in welcoming the appointment of Alison Ledger and Matthew Rowe to the Board and thank Philip Rix for his valuable contribution over the last 3 years.

On behalf of the Board and Management I also take this opportunity to thank our Chairman Barry Lambert for his tireless and valuable contribution since the inception of Countplus. Barry will be retiring on or before our 2017 AGM.

The Group

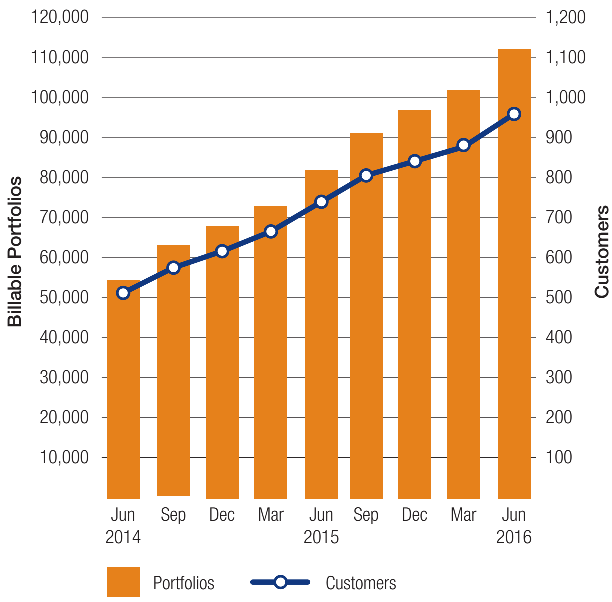
The group maintains its diversified portfolio of businesses, represented in every mainland capital city of Australia and in a number of regional centres. Countplus is an aggregation of 18 businesses and their subsidiaries across Australia; 15 accounting/business advisory firms, one financial planning specialist, a property broking group and a financial planning dealer group. In addition, Countplus has a number of investments in Associate Firms including a 32% interest in Hood Sweeney (a large professional services business), 40% interest in Hunter Financial Planning and 3 Associate Firms of TFS. Countplus listed on the ASX on 22 December 2010.

2015/16 Results

The Group announced a Net Profit after tax attributable to shareholders of $13.39m, up 35.0% representing diluted earnings per share of 12.13 cents (up 35%).

The strong Net Profit before Tax (NPBT) performance is due to the fair value gain on our investment in Class Limited. Countplus together with its subsidiaries owns approximately 5.4% in Class Limited as at 30 June 2016. This has been an outstanding investment for Countplus following Class Limited's successful IPO in December 2015, please see chart below.

Billable Portfolios on Class
June 2014 to June 2016



The Company's results also reflect continued subdued trading conditions in the accounting/business services area with flat net revenue. Our full year results have been impacted by higher provisioning charges (as a result of CUP's conservative provisioning policy), non-recurring costs relating to ADVICE389 and BLUE789 and an impairment of two of our accounting businesses.

Financial planning is continuing to see growth albeit slower (up 1.3%) across Member Firms and the group's largest firm, Total Financial Solutions, continues to benefit from the impact of new firms joining their network over the last 2 years. Including our Associate Hood Sweeney the Countplus Group has over $5 billion funds under advice (FUA).

We increased our shareholding in our largest equity accounted associate, South Australian based firm Hood Sweeney, from 26% to 32% following a share buyback without an additional investment from Countplus.

Class Limited

As at 30 June 2016, the Company had a 5.4% interest in Class Limited, a listed self-managed superannuation platform. Class continues to enjoy significant growth in billable SMSFs on its platform (see chart above), is profitable and paying dividends. This has been an outstanding investment for the Company following its successful IPO in December 2015.

Our rationale to invest in Class was driven by our confidence in best of breed technology where early adoption by our member firms in 2010/11 created greater efficiencies and by allowing time with the client to discuss higher fee generating advisory work. Based on our success with Class we will continue to look for opportunities that not only provide efficiencies in our cost to serve clients but also provide opportunities for excellent investment return for our shareholders.

Progressive Restructuring

We have previously advised that we are progressively restructuring our business model over a 3 year period and this may negatively impact earning and EPS in the short term. The restructuring has also impacted profits pending the reinvestment of proceeds from the Direct Equity Plan (DEP) into new investments. The Board remains committed to these restructuring initiatives and establishing an improved platform for alignment of the interests of the Principals and Shareholders.

Rewards, Incentives and Development

A critical part of Countplus' strategy is to ensure that our people are appropriately incentivised to drive superior performance and have a shared common vision. Accordingly, Countplus has implemented a number of initiatives to ensure the company is driving towards the right behaviours and outcomes.

Employees of firms that attain performance targets each year have the opportunity to be rewarded with equity in Countplus through our employee share plan and our loan funded share plan.

In addition, as previously announced, we continue to promote our direct equity plan for principals and senior employees of our subsidiaries. Principals and employees will be able to acquire equity directly in the business in which they work. This is expected to promote retention of key employees, facilitate appropriate succession for Principals and better performance alignment. Countplus will retain control of these subsidiaries under the terms of the plan.

Growth Initiatives

We have previously reported the establishment of our two growth initiatives BLUE789 (BLUE) to invest in market leading accounting businesses and ADVICE389 (ADVICE) a similar initiative to invest in quality financial planning businesses. This strategy involves partnering with quality accounting and financial planning businesses through a shared equity model. This is in contrast to a 100% outright ownership model.

ADVICE welcomed its inaugural member firm, Hunter Financial Planning ("Hunter") in August 2015, when a 40% equity interest in Hunter was acquired by ADVICE. Hunter is well respected in its local community and is well regarded in the financial planning industry. The business has been able to demonstrate a history of strong growth in both revenue and profit and also the ability to continue to grow.

We will continue to pursue growth through further business combinations & acquisition activities at 2 levels:

- Acquisition of initial minority stakes in stand-alone businesses at the group level through BLUE and ADVICE; and
- "Tuck-ins" or full acquisitions by existing Member Firms at the subsidiary level.

Collaborative Culture

At Countplus we believe in developing a strong collaborative culture across our network of businesses. A culture where Principals and employees are willing to learn off each other to improve business performance, whether that be through better use of technology, improved business processes, as well as shared resources and ideas.

We continue to take steps to actively involve firms that can assist each other by sharing ideas and services including the establishment of the Principals Liaison Team (PLT). The newly established PLT allows Countplus member firms to have a voice to management, working together in sharing ideas, initiatives and experiences.

Once again I would like to acknowledge all my people in the Countplus Group across our national network for continuing to provide outstanding service to their clients. I would also like to thank my small but very hard working head office team as well as the Chairman and Board of Directors for their continued support. To all our shareholders, thank you for being investors in Countplus.

Phil Aris
Managing Director and Chief Executive Officer
Countplus Limited

Partnerships, Acquisitions and Investments

Countplus remains committed in seeking to partner with and invest in more quality professional service practices around Australia, as well as invest in complimentary businesses to our core accounting and wealth advice service offerings.

There are 4 different categories of investment or partnership opportunities:

1. "Tuck-in" Acquisitions

This is where one of our existing Member Firms acquires another business directly. There is no minimum size requirement, the only criteria is compatibility with one of our existing Member Firms and acceptable return on equity investment. During the 2016 financial year, the following acquisitions and investments were completed:

- In August 2015, subsidiary ADVICE389 Pty Ltd acquired a 40% equity interest in NSW based company, Hunter Financial Pty Ltd. The purchase consideration of $2.75m was settled in full on completion.
- In August 2015, subsidiary Bentleys (WA) acquired the business assets of Perth based company, Australian Superannuation and Compliance for a total consideration of $0.5m.
- In October 2015, subsidiary The MBA Partnership acquired the business assets of Queensland based accounting and financial services firm, HWC Accountants Pty Ltd for a total consideration of $1.99m.
- In January 2016, subsidiary The MBA Partnership acquired 51% of the business assets of NSW based firm, Cummings West via its newly established subsidiary, The MBA Partnership (NSW) Pty Ltd for a total consideration of $0.38m.
- In March 2016, subsidiary Robson Partners acquired the business assets of NSW based accounting firm, HyperTax for a total consideration of $0.45m.
- In June 2016, subsidiary Kidmans Partners acquired 100% of the business assets of VIC based accounting firm, Robert Jan & Associates for a total consideration of $0.63m.

2. Progressive Investments

Countplus, either directly or through its Member Firms, purchases a minority interest in high performing businesses, with the opportunity to increase over time. The Group's largest minority investment is in South Australian professional services firm, Hood Sweeney. The initial stake was acquired in October 2012. This increased during the year to a 32% holding.

Total Financial Solutions, our financial planning dealer group, took minority interests in 3 of its top performing associated practices during the prior year. They are Financial Momentum (Regional Victoria), McQueen Financial Group (Melbourne CBD) and Nixon Financial Services (Regional Victoria).

Countplus has also expanded its progressive investment model by establishing two new subsidiaries, BLUE789 – accounting based investments and ADVICE389 – financial planning based investments. When sufficient scale of investments in high quality large accounting and financial planning based businesses are reached, Countplus intends to aggregate these investments into separate ASX listings. BLUE789 and ADVICE389 would be made up of part interests (up to 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 have a holding in the proposed new listed entity. Countplus will remain the largest single shareholder of BLUE789 and ADVICE389.

Hunter Financial Pty Ltd is the inaugural member of ADVICE389.

3. Investments in Complementary Businesses

The Group also seeks to invest in businesses that complement our core accounting and wealth advice service offerings. The Group increased its shareholding during the year in Class Limited, a cloud based SMSF technology provider, which administers approximately 110,000 SMSFs nationally and which listed on the ASX in December 2015. As at the date of IPO Countplus was the largest institutional shareholder in Class (5.4%). Property services group Pacific Eastcoast, acquired in 2012, has a national alliance network of accounting and financial planners and remains one of the Group's top profit contributors.

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

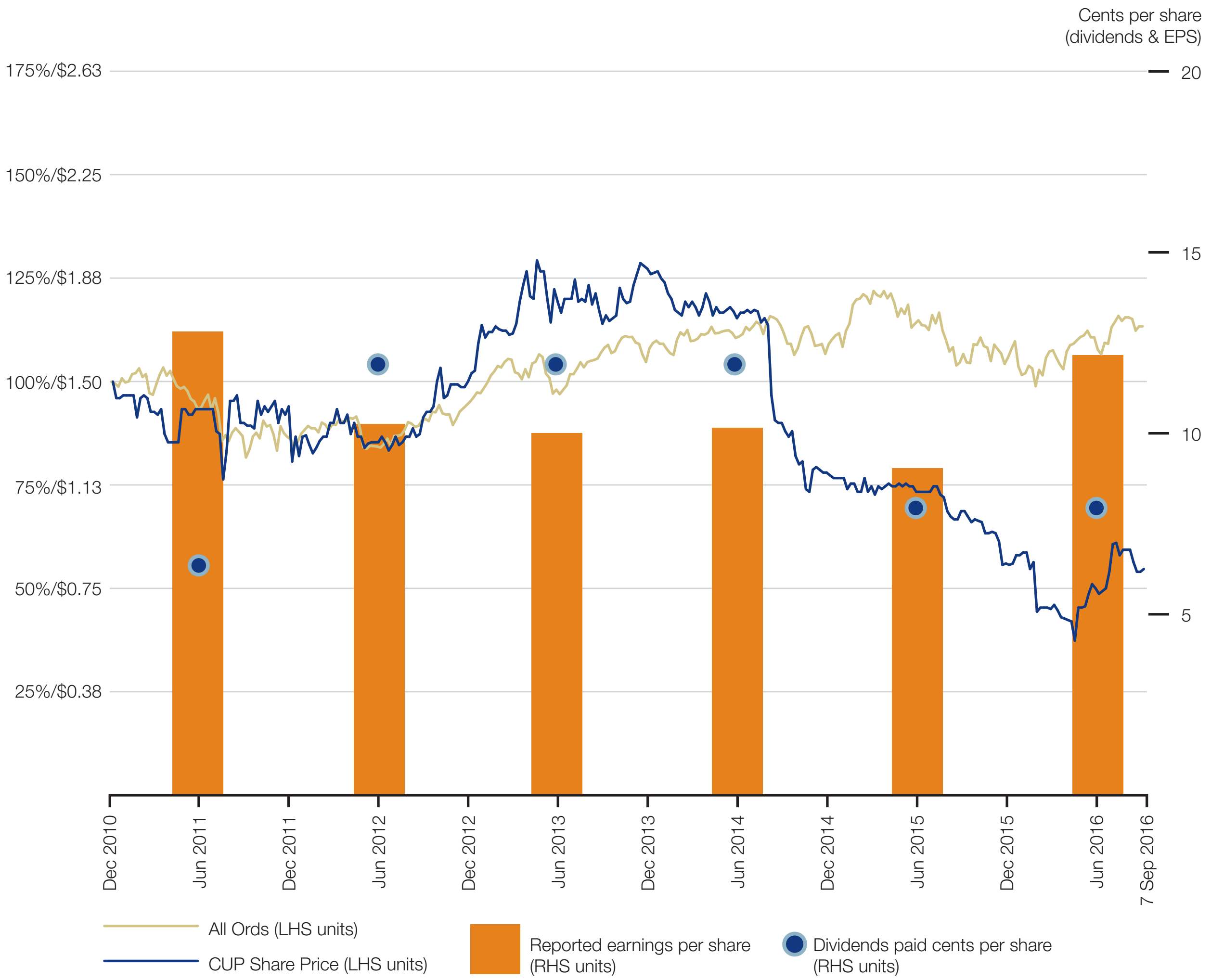
4. Product, Distribution and Technology

Countplus continues to seek opportunities to partner with technology and product suppliers to reduce our cost to service and improve our offering to our broad client base. Like our investment in Class we will also look for opportunities to invest in smart technology solutions that benefit both our clients and shareholders.

Financial Highlights

	2016	
		% Change
Operating profit (EBITA)	$25.78m	Up 50%
Consolidated net profit before tax	$21.81m	Up 67%
Consolidated net profit after tax	$13.98m	Up 41%
Diluted earnings per share	12.13 cents	Up 35%
Dividend per share	8c declared and paid for full year ended June 2016	

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



- All Ords and CUP prices are weekly closing prices
- Earnings per share includes an amortisation expense of $2.673m (after tax $1.87m)

Financial Summary

	2014	2015	2016	2015/2016 change
	$'000	$'000	$'000	%
Total Net Revenue [1]	**95,830**	**88,405**	**87,617**	**(0.9%)**
Non-cash fair value adjustments [2]	–	–	16,294	n/a
Other income	853	2,536	2,396	(5.5%)
Total Operating Expenses [3]	**(77,268)**	**(74,698)**	**(81,641)**	**9.3%**
EBITA before profit from associates	**19,415**	**16,243**	**24,666**	**51.9%**
Share of profit from associates [4]	346	893	1,111	24.4%
Operating profit (EBITA) [5]	**19,761**	**17,136**	**25,777**	**50.4%**
Interest expense [6]	(1,224)	(1,281)	(1,293)	0.9%
Amortisation expense [7]	(3,157)	(2,804)	(2,673)	(4.7%)
Profit before Tax	**15,380**	**13,051**	**21,811**	**67.1%**
Income tax expense [8]	(4,067)	(3,117)	(7,831)	151.2%
Consolidated Net Profit after Tax [9]	**11,313**	**9,934**	**13,980**	**40.7%**
Profit attributable to Owners of CUP	11,131	9,930	13,392	34.9%
Profit attributable to Non-controlling interest	182	4	588	
	11,313	**9,934**	**13,980**	
Basic earnings per share (Cents)	**10.14**	**9.01**	**12.13**	**34.6%**
Diluted earnings per share (Cents)	**10.13**	**9.01**	**12.13**	**34.6%**
Current assets [10]	34,334	33,766	29,061	(13.9%)
Current liabilities	21,013	18,892	19,293	2.1%
Current ratio	1.63	1.79	1.51	
Non-current assets [11]	65,427	71,672	90,456	26.2%
Non-current liabilities	27,584	33,296	37,469	12.5%
Net Assets	51,164	53,250	62,755	17.8%
Net Debt	12,692	20,287	19,277	(5.0%)

Notes to Financial Summary

1. Net Revenue

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

Accounting related revenue was down slightly on the prior period by 0.4%, reflecting continued challenging business conditions for SME businesses, which represent the core client base of the Group.

Net financial planning revenue was up 1.3% and represents 23% of total net revenue. The group's largest firm, Total Financial Solutions continues to benefit from the impact of new firms joining their network. Including our Associate Hood Sweeney, the Countplus Group has over $5 billion funds under advice (FUA).

Property related revenue contributed 5.4% of total net revenue for the year and was down 12.8% over the prior period due to softening of demand in the domestic property market, mainly capital cities.

Total net revenue was slightly down on last year by 0.9%.

2. Non-cash fair value adjustments

Non-cash fair value adjustment relates to the fair value gain on Class shares held by the Company. Countplus combined with its subsidiaries held 6,327,540 shares in Class at the reporting date. Due to early adoption of AASB 9 Class shares were classified as 'Fair value through profit or loss' and recognised as Other Income based on a closing price of $3.30 per share at 30 June 2016.

3. Operating Expenses

Salary and employment expenses relating to Member Firms was up 4.4% primarily due to increases in headcount, mainly from tuck-ins, internal audit and compliance staff requirements and restructuring related costs. Head office salary and employment expenses was higher due to new management and high initial non-recurring set-up costs for our BLUE789 & ADVICE389 initiatives. Head Office employment cost is expected to reduce in the next financial year.

Other operating expenses increased by 9.3% as a result of net losses on disposal of property, plant & equipment upon the termination of various leases, as well as higher professional fees, sales & marketing and technology expenses.

4. Share of Profits from Associates

This item is made up of the Group's share of profits from five associates as disclosed in the Notes to the Financial Statements. Associates Hood Sweeney, McQueen Financial Group and Hunter Financial Planning made the largest profit contributions to the Company this year.

5. Operating Profit (EBITA)

Operating profit increased by 50.4% this year due to the fair value gain on our investment in Class Limited of $16.3m, accounting gain on disposal of a subsidiary of $1.3m and was partially offset by a $2.7m impairment expense.

6. Interest Expense

The Company has a financing facility with Macquarie Bank which is used primarily to fund new investments. Interest expense increased slightly by 0.9% this year.

7. Amortisation Expense

Amortisation expenses (non-cash) of $2.7m (2015: $2.8m) relate primarily to an accounting requirement to write down the value of intangible assets, acquired client relationships and adviser networks, over their expected lifetime. A conservative diminishing value method is used to amortise these assets, ensuring that the proportional impact of this line item is reducing over time.

8. Income Tax Expense

Income tax expense for the current year includes $1.3m that relates to the tax deconsolidation of 3 firms under the direct equity plan, disposal of 1 subsidiary and impairment of goodwill.

9. Consolidated net profit after tax

Consolidated net profit after tax was $13.98m for the period, up 40.7% over 2014/15. Profit attributable to CUP shareholders was $13.39m, up 34.9% over the prior period.

10. Current assets

Current assets as at 30 June 2015 included an asset held for resale of $3m, which was subsequently sold in August 2015.

11. Non-current assets

Non-current asset includes the carrying value of Class shares of $20.88m as at 30 June 2016.

Member Profiles

COUNTPLUS ONE

Countplus One's journey started in 1978 as a two partner Chartered Accountancy practice. Leveraging off the success of their accounting division, the firm responded to the growing needs of their clients and over time added the key services of financial planning, loans and leasing.

Despite their heritage stretching over four decades they are a young firm, with two out of three Directors under the age of 40. Today, Countplus One is represented across 5 Sydney office locations and employs over 40 staff.

Richard Felice, Director, highlights the journey the firm has been on in recent times. "Our firm has had a real focus on defining our strategic objectives over the last 24 months", he says. "This has been key to aligning our staff to the firm's vision and has significantly improved our focus."

Countplus One's objective is to ensure their clients have a clear view and an effective plan, so that clients can achieve their personal and business goals. Countplus One do this by investing in the client relationships, focusing and challenging clients on maximising value for the future and leveraging off the depth and breadth of the firm's capability. "It is the strength of our relationships which really sets us apart" says Ian George, Director.

Countplus One partners with a range of client types, from small to medium businesses through to high net worth individuals and family groups. "The range of services we offer allows us to work with our clients through the different stages of their life, from helping run their business to managing their retirement" says Sid Soin, Director.

The Countplus One mantra is to provide one partner and one plan, so that the clients have one, all-encompassing financial solution.

countplus one

Above: (L-R) Directors Sid Soin, Ian George and Richard Felice

PACIFIC EASTCOAST

Pacific Eastcoast (PEC) was established in 1978, originally as a Certified Practicing Accounting firm, and quickly evolved into a sophisticated property investment specialist. PEC found that many of their accounting clients had a need for well researched, high quality investment property. Today they have over 700 firms and dealer groups using their services to assist their clients. With offices in Melbourne, Sydney, Canberra and Brisbane, PEC provides specialist property support to Australia's professional adviser industry.

PEC was acquired by Countplus Limited in February 2012 and has been a consistent profit contributor every year.

There are two divisions within the PEC group:

- Direct Property Investments Division; and a
- Responsible Entity Management Division

PEC holds real estate licences in VIC, NSW, QLD and ACT and is the holder of a Managed Investment Licence and a Responsible Entity Licence from ASIC.

The PEC team consists of property and accounting professionals. Their accountants assist the administration of six managed investment schemes through their Responsible Entity Licence, and provide the financial due diligence for the $3.5 billion of direct property investments PEC have placed with over 8,000 individual clients.

PacificEastcoast

With an experienced Board of Directors and an established team of long term employees, PEC sees direct property investment as a service offering to its clients. PEC's long term reputation allows PEC exclusive access to a number of key, award winning developers around Australia, a key part of the quality service offering.

2015/2016 has seen the smooth transition in senior management where founder, Alan Severino, has moved to the role of Chairman and Brent Severino assumed the CEO mantle. The addition of Dominic W. Kelly, an Executive Director (with a long financial services background) to complement the existing Executive Directors, has further strengthened their team.

Above: Chairman, Alan Severino

Above: CEO, Brent Severino

CUP in the Community

Our Countplus Member Firms are active participants in their local communities and support their team members who are involved in charitable and community work. Over the last year, our Member Firms together with their staff dedicated time to assist and raise funds for various worthwhile causes.

Evolution Advisers, our Newcastle based firm, is well known throughout the local community for the significant charitable efforts carried out each year. The most significant contribution this year was made to SurfAid through the Evolution SurfAid Cup surfing contest, which raised over $87,000 for the cause.

SurfAid, a non-profit humanitarian organisation whose aim is to improve the health, well-being and self-reliance of communities in remote geographical locations, connected to them through surfing.

Above: Evolution team at SurfAid Cup

Each year Sydney based member firm Total Financial Solutions raises funds for charities at its Annual Conference. In 2016, TFS raised $20,500 for Alzheimers' Australia.

Above (R-L): Marcelo Fernandez TFS CEO, Caress Andrews CCF Senior Administration Manager with the Community Fundraising Executive of Alzheimer's Australia

Above: Helga Baxter visiting a village in Cambodia

Helga Baxter, the Principal of Crosby Dalwood from our Adelaide based firm recently became a key supporter of Cows for Cambodia, a grassroots charity aiming to help the underclass in Cambodia to break out of the poverty cycle.

Crosby Dalwood has raised over $12,000 this year and Helga visited Cambodia to work with the charity.

The staff of 360 Financial Advantage, our Northern NSW Firm continue to send funds in support of the School of St Jude in Arushna, Tanzania. The sponsorship helps support a teacher, a class and a bus which the students use to get them around. Donations allow students to gain free, high quality education which may otherwise be denied to them.

Above: Principal Sally Curtis (right) with fellow fundraising cyclists

The team at 360 Financial Advantage also supports Westpac Rescue Helicopter Service, Australia's Biggest Morning Tea and the annual Tour de Rocks event. The amount raised in 2016 was over $7,500.

Hood Sweeney, a Countplus associate firm based in Adelaide is not only willing to engage with their community, it is one of their strategic drivers. Hood Sweeney has a clear 2020 Vision as part of this strategy, "To enhance the future of our clients, our team and our community through a shared journey." In the last 12-months, they have donated over $67,000 to more than 30 charities and community initiatives.

In addition, each Director donates a minimum of 60 hours per annum of their personal time to their communities by offering time as board members of schools, charities and community organisations. Together, Hood Sweeney Directors provided over $400,000 of pro-bono support to their chosen Community Organisations over the course of the year.

Above: Hood Sweeney representative at UnitingCare Wesley Port Adelaide

Debbie Bloffwitch from our firm, Robson Partners in Central Coast NSW participated in Oxfam's gruelling 100 kilometre trek over 48 hours, supporting awareness for world poverty. Debbie and her team raised $11,000.

Robson Partners supports a range of organisations including Coast Shelter, RSCPA Cupcake Day, Cancer Council, Australia's Biggest Morning Tea, Coastrek and Westpac Rescue Helicopter Service. They have raised over $6,500 this year for charities.

Above: Principal Steve Watson (right) presenting a cheque to The Abbeyfield Society.

The Twomeys Charity Golf day was held in Wagga Wagga. A total of $10,000 was raised and donated to five local charities including The Leisure Company, Wagga Women's Health Centre, The Abbeyfield Society, Kurrajong Waratah Early Intervention and The Amie St Clair Melanoma Trust.

Countplus Board Profiles

Barry Lambert

FCPA, SF Fin
Non-Executive Chairman
Member of Countplus Board
Member of Acquisitions Committee
Member of Audit & Risk Committee

Barry Lambert established Count Financial Limited, a financial services group, in 1980 which was sold to the Commonwealth Bank of Australia (CBA) in 2011.

Barry remained the Chairman of the CBA owned Count Financial Limited until 20 January 2014.

Barry is the Chairman of the Count Charitable Foundation.

Barry is also the Chairman of Class Limited (appointed in 2008) which was floated on the ASX in December 2015.

Phillip Aris

B.Eco, M. Management,
Affiliate ICAA, AICD
Managing Director
Member of Countplus Board
Member of Acquisitions Committee
Member of Remuneration &
Nominations Committee

Phil Aris has over 20 years of management experience in Australia, Asia and the United Kingdom, operating at CEO, General Management and Board level positions, including Director and CEO of the Australian Health Export Council, Director Strategy and Business Development for Thorn EMI, Asia Pacific, Head of Strategic New Business and Credit Cards for The Commonwealth Bank of Australia and CEO of Total Financial Solutions.

Phil was appointed as a Managing Director and CEO of Countplus in January 2015.

Phil is also a Director to all 18 Countplus subsidiaries.

Philip Rix

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

Philip Rix established the accounting firm Bentleys in Western Australia in1999. 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 now represents 17 offices across 3 countries with combined turnover in excess of $85m and employing more than 500 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 has 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 Fowler

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

Graeme Fowler has over 30 years experience in Australia, NZ and internationally in financial and business governance, business strategy, leadership and management across a range of industries and sectors including professional services, financial services, telecommunications, online businesses, small cap ASX listed companies and NFP's.

He is currently Chief Financial Officer at Planet Technology Group Limited in the telecommunications industry.

He previously held roles as Group Chief Executive and Chief Financial Officer of listed Accounting & Financial Services business WHK Group Limited (Crowe Horwath) and Managing Director of legal firm ILH Group.

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.

Arlette Jubian

M.Com, CPA, SA Fin
Company Secretary

Arlette Jubian is the Group Financial Controller for Countplus.

Arlette has over 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 is the Secretary of the Count Charitable Foundation.

Arlette was appointed Company Secretary of Countplus in June 2012.

Directors' Report 2016

Your Directors present their report on the Consolidated entity consisting of Countplus Limited ("Company", "CUP") and the entities it controls, for the financial year ended 30 June 2016.

Board of Directors and Company Secretary

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

Name	Position	Date of Appointment
Barry Lambert	Non-Executive Chairman	10 August 2007
Phillip Aris	Director / Chief Executive Officer /Managing Director	14 January 2015
Philip Rix	Executive Director	1 April 2012
Graeme Fowler	Independent Non-Executive Director	26 August 2010
Arlette Jubian	Company Secretary	20 June 2012

Information on the current Directors including their experience, expertise and other current directorships (including former directorships in the last 4 years) of publicly listed companies, is contained in the Board Profile Report on pages 12-13.

Meetings of Directors

The Board of Directors has an Audit & Risk 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 2016, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit & Risk Committee		Acquisitions Committee		Remuneration & Nominations Committee	
Name	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Barry Lambert	Non-Executive Chairman	6 / 6	Member	6 / 6	Member	3 / 3	Member	4 / 4
Phillip Aris	CEO / Managing Director	6 / 6		6 / 6 [1]	Member	3 / 3	Member	4 / 4
Philip Rix	Executive Director	6 / 6		6 / 6 [1]	Member	3 / 3		4 / 4
Graeme Fowler	Non-Executive Director	6 / 6	Chair	6 / 6	Chair	3 / 3	Member	4 / 4

1 Non-Members in attendance.

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 Lambert	5,398,062
Phillip Aris	80,143
Philip Rix	1,044,252
Graeme Fowler	18,595

Indemnification and Insurance of Directors, Officers and Auditors

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.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

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;
- property brokers for new residential property in Australian east coast capital cities; and
- investments – technology based solutions.

Declared Dividends

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

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2016	Fully Franked	Paid	2.0 (per fully paid share)	16 November 2015
2016	Fully Franked	Paid	2.0 (per fully paid share)	15 February 2016
2016	Fully Franked	Paid	2.0 (per fully paid share)	16 May 2016
2016	Fully Franked	Paid	2.0 (per fully paid share)	15 August 2016

Financial Position & Review of Operations

The Directors of Countplus Limited (CUP) report a Consolidated Net Profit before Tax result of $21.8m (up 67%) and a Net Profit after Tax result of $14.0m (up 41%) for the year ended 30 June 2016. This increase of 41% is due to the fair value gain on our investment in Class Limited of $11.4m (after tax) which was partially offset by a $2.7m impairment expense and a higher tax expense relating to the tax deconsolidation of three Member Firms under our Direct Equity Plan and the disposal of one Member Firm. Profit attributable to Owners of Countplus Limited was $13.4m (up 35%) which is after the completion of the three Member Firm buybacks, which better positions CUP for the future by aligning Member Firm interests with shareholders.

The small business sector (the target client base of our Member Firms) across the country experienced a difficult year. The Group benefits from its diversified portfolio of businesses, represented in every mainland capital city of Australia and in a number of regional centres and in particular from the non-accounting financial businesses.

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

Accounting related revenue was flat on the prior period, however showing an improved result in the second half (up 3.23%), which represent the core client base of the Group. Financial planning is continuing to see growth albeit slower (up 1.3%) across Member Firms. The Group's largest firm, Total Financial Solutions continues to benefit from the impact of new firms joining their network. Including our Associate Hood Sweeney, the Countplus Group has over $5 billion funds under advice (FUA).

The largest expense item is employment costs which increased by 5.4% over the period. Member Firm employment costs were up 4.4%, with head office costs associated with the new initiatives, BLUE789 Pty Ltd (BLUE789) and ADVICE389 Pty Ltd (ADVICE389), contributing to the total increase.

Share of profits from associates contributed $1.1 million (up 24%) for the year and is primarily made up of the Group's share of profits from its 32% interest (up from 26% in prior year) in a leading South Australian professional services firm, One Hood Sweeney Pty Ltd. There is also an inaugural contribution from Hunter Financial Planning (refer below).

Net debt as at 30 June 2016 was $19.3 million compared to $20.3 million in the prior period. The decrease in debt was brought about primarily by the settlement of a commercial property in August 2015. The financial position of the Group remains strong with a current ratio (current assets/current liabilities) of 1.5x at the end of the period.

Dividends

Dividends of 8 cents per share were declared and paid for the 2015/16 financial year. The first quarterly dividend for the 2016/17 financial year of 2 cents per share fully franked, is payable on 15 November 2016 and was declared on 25 August 2016.

Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 4-6.

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:

The Company settled transactions with senior management and employees of three subsidiary firms for a part equity "buy-back" (Direct Equity Plan) as detailed below. The buy-back agreements were made in line with Countplus' previously announced strategy of implementing a shared-equity model with its subsidiaries to promote sustainable growth for both Countplus and its businesses. The participating firms were previously fully owned subsidiaries.

- On 21 July 2015, employees and principals of the MBA Partnership (Gold Coast, QLD) acquired a 40% interest in their business. Total consideration was $1.97 million.
- On 7 August 2015, principals of Kidmans Partners (Melbourne, VIC) acquired a 30% interest in their business, with a further 10% acquired by its senior employees on 31 August 2015. Total consideration was $1.49 million.
- On 31 August, 2015, employees and principals of Specialised Business Solutions (Brisbane, QLD) acquired a 38.72% interest in their business. Total consideration was $1.46 million.

The following acquisitions and investments were made:

- In August 2015, Countplus subsidiary ADVICE389 acquired a 40% equity interest in NSW based company, Hunter Financial Pty Ltd.
- In August 2015, Countplus subsidiary Bentleys (WA) acquired the business assets of Perth based company, Australian Superannuation and Compliance ("ASC").
- In October 2015, Countplus subsidiary The MBA Partnership acquired the business assets of Queensland based accounting and financial services firm, HWC Accountants Pty Ltd ("HWC").
- In January 2016, Countplus subsidiary The MBA Partnership acquired 51% of the business assets of NSW based firm, Cummings West via its newly established subsidiary, The MBA Partnership (NSW) Pty Ltd.
- In March 2016 Countplus subsidiary Robson Partners acquired 100% of the business assets of NSW based firm HyperTax Pty Ltd.
- In June 2016, Countplus subsidiary Kidmans Partners acquired 100% of the business assets of Robert Jan & Associates.

In May 2016, the Company sold a Brisbane based Member Firm, Change Accountants & Advisors and its subsidiary (Change GPS) to the existing principal management team for a cash consideration of $1.8m. The consolidated results include 11 months contribution by the Change group which had a negative impact on the Company's operating earnings. An accounting gain of $1.3m was booked on the disposal of the business. The Countplus Board and Change Accountants jointly formed a view that the focus of the Companies were not aligned and therefore the sale was in the best interests of Countplus.

We have previously reported the establishment of two growth initiatives BLUE789 to invest in market leading accounting businesses and ADVICE389 a similar initiative to invest in quality financial planning businesses. This strategy involves partnering with quality accounting and financial planning businesses through a shared equity model. This is in contrast to a 100% outright ownership model.

ADVICE389 welcomed its inaugural Member Firm, Hunter Financial Planning ("Hunter") in August 2015, when a 40% equity interest in Hunter was acquired by ADVICE389. Hunter is well respected in its local community and is well regarded in the financial planning industry. The business has been able to demonstrate a history of strong growth in both revenue and profit and also the ability to continue to grow.

Due to non-recurring set up costs in the first half of FY2016, BLUE789 and ADVICE389 have contributed to high head office costs. As acquisition progress has been slower than anticipated, after almost 12 months of operations, a Board decision was made in December 2015 to reduce management costs relating to these businesses. We maintain our commitment to these long term initiatives by utilising existing resources within the Company.

We will continue to pursue growth through further business combinations & acquisition activities at 2 levels:

- Acquisition of initial minority stakes in stand-alone businesses at the group level through BLUE789 and ADVICE389; and
- "Tuck-ins" or full acquisitions by existing Member Firms at the subsidiary level.

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

Other Developments

In the first half of FY2016, Total Financial Solutions Australia Limited (TFS) accepted an additional condition on its Australian Financial Services Licence (AFSL No: 224954) from ASIC. The licence condition relates to the actions of one adviser and the Company believes the matter is not systemic. In February 2016 pursuant to this condition, TFS appointed an independent expert with ASIC approval. This expert is to oversee the remediation program undertaken by TFS on any affected clients as a result of the non-compliant advice provided by this adviser.

TFS is currently in the process of assessing all advice provided and has updated its provisioning for this work to be completed from $170,000 as at 31 December 2015 to $530,000 as at 30 June 2016. TFS is of the opinion that this provision reflects the anticipated costs of the remediation program. This amount includes all additional resources required to finalise the remediation program.

In March 2016, TFS received indemnity from its professional indemnity insurers for the enquiry costs component of the additional licence condition. It is anticipated that this will mitigate some of the legal costs incurred in dealing with this enquiry. TFS has contractual agreements with the adviser which fully indemnifies the company for their actions through personal guarantees as well as indemnities from the principals of the practice and has instigated legal proceedings for the recovery of costs to date. TFS is currently working with its insurers to obtain indemnity in the event that any detriment that may have been caused to any client as a result of the advice provided is rectified. To date no claims have been made therefore this portion of the policy is yet to be activated.

Matters Subsequent to the End of the Financial Year

On 1 July 2016, Melbourne subsidiary Kidmans Partners acquired the business assets of accounting firm, McPherson Financial Solutions based in Mulgrave, Victoria. Cash payments totaling $466,400 were paid on or before settlement, with the remaining purchase consideration of $116,600 to be settled in two deferred payments, subject to performance targets.

On 1 July 2016, Melbourne subsidiary Pacific Eastcoast (PEC) acquired the remaining 50% of Home Port Property Group Unit Trust (Home Port). Previously, Home Port was 50% owned by PEC and for a cash payment of $136,737 PEC acquired the remaining 50% of Home Port.

On 17 August 2016 the Company sold 500,000 Class Limited shares at a sale price of $3.45. The cash received was approximately $1.715m (after transaction costs). Our shareholding at this point was 4.99%.

Countplus sold a further 500,000 Class Limited shares between 25 August 2016 and 6 September 2016 for an average price of $3.55 per share. The total consideration after transaction cost was $1.765m. Our shareholding at this point is 4.53%.

On 25 August 2016, Countplus Limited announced that two new non-executive directors, Alison Ledger and Matthew Rowe will be appointed to the Countplus Board effective 1 October 2016. Executive Director, Philip Rix has indicated that he will stand down at the 2016 AGM. The Chairman, Barry Lambert, has indicated his intention to retire at or before the 2017 AGM.

On 25 August 2016, Countplus Limited declared an interim dividend for 2016/17 of 2 cents per share payable on 15 November 2016 with the record date 27 October 2016.

Other than the above, no matter or circumstance has arisen since 30 June 2016 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 each Member Firm's board which includes at least one Countplus executive. 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. Finally, more synergies across the Group are expected to derive benefits, as Member Firms learn from one another and develop best practice. The Direct Equity Plan, which allows employees to purchase equity interests directly in the businesses in which they are employed, is expected to generate positive benefits over time. This strategy should assist in the retention of employees who have ownership ambitions as well as assist in motivating and incentivising employees, knowing they can share directly in the performance of the business they work in and in which they can have influence.

Material Business Risks

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

Operational Risk

The main operational 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 at those meetings. Most Member Firms also hold more regular management meetings. In terms of incentives, the Principals of Member Firms remain one of the largest shareholder groups 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 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. The Company has also launched a Direct Equity Plan whereby employees can purchase equity in the business in which they are employed. This is expected to assist retention of key employees and provide additional incentives.

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, Chartered Accountants Australia and New Zealand or the Institute of Public Accountants.

For our financial planning dealer group, Total Financial Solutions group (which includes Group subsidiaries, Total Financial Solutions Australia Limited, TFS Operations and TFS Advice), a 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.

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. For accounting/tax related services, initiatives being considered by the Federal Government to further reduce the requirement for individuals to lodge tax returns may have some impact on the compliance based work for some Member Firms. Legislative risk is not currently expected to significantly impact the profitability of accounting based Member Firms and the Group, but it will continue to be closely monitored by the Board's Audit & Risk Committee.

Equity Plans

The Company operates two equity plans for employees. An employee loyalty plan and a loan funded share plan.

Under the employee loyalty plan, full-time employees (excluding firm Principals) of subsidiaries with a service period of 12 months or more, are issued $1,000 worth of ordinary shares. Part-time employees receive a proportional entitlement and employees of Member Firms that are not fully owned subsidiaries also receive a proportional entitlement. A total of 21,910 shares were issued to 17 employees in the 2016 allocation. The Board has committed to making this allocation to all employees annually subject to individual Member Firm profit growth performance.

The Company allocated 402,944 loan funded shares to the CEO and CFO on 21 December 2015 under a loan funded share plan at a price of $0.9542 per share. At the subsidiary level, firms who have grown their profits, as measured by earnings per share growth, by 10% or more, over their previous highest year since Countplus acquisition are entitled to an allocation. Firms that are not fully owned receive a proportional entitlement. Allocations to employees are determined by the relevant Member Firm's Board. 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 for shares allocated to the CEO and CFO will be on 21 December 2018, subject to continuing employment conditions, and in the case of Member Firm Principals, profitability hurdles for their relevant firm.

These shares are presented in the Statement of Changes in Equity as Treasury Shares. As of the date of this report there were 3,728,035 unissued ordinary shares under the loan funded share plan.

As at the date of this report, 486,889 Loan Funded Shares (issued on 15 January 2013) met the 3 year vesting condition.

More information is included in the Remuneration Report below.

Environmental Regulation

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

Non-Audit Services

The auditors, Grant Thornton (including any other person or firm on the auditor's behalf) did not provide any non-audit services during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is on page 25, and forms part of this report.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for the Company's Directors and Executives in accordance with requirements of the *Corporations Act 2001* (the Act) and its regulations. This section of the Directors' Report has been audited by the Company's external auditors, Grant Thornton as required by section 308(3C) of the Act.

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 group executives.

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.

Use of Remuneration Consultants

The Remuneration and Nominations Committee did not engage remuneration consultants to provide remuneration advice and information to the Board during the year.

Voting and Comments made at the Company's 2015 Annual General Meeting

Countplus received 74% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

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 Company 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 provides 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. Any 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

Remuneration packages of Member Firm Principals are determined by each Firm's Board of Directors in consultation with the Company. In determining remuneration levels, consideration is given to the Member Firm's contribution to Group performance and comparative information to other Member Firms and the industry. The key performance benchmark for entitlements to future fixed component increases (above inflationary adjustments) and equity entitlements is a 3 year rolling average earnings per share growth target (annualised).

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

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 above).

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 and is eligible for re-election at the Annual General Meeting.

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, car allowances, car parking and participation in any equity scheme). Other major provisions of the agreements relating to remuneration are set out below.

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

The CEO and Managing Director, Phillip Aris commenced his employment with Countplus Limited on 14 January 2015. Mr Aris' total fixed remuneration (TFR) package is $509,500 inclusive of statutory superannuation contributions and will receive an annual CPI increase (capped to a maximum of 5%) to the cash component of the TFR. Mr Aris is entitled to a long-term incentive (LTI).

Phillip Aris was granted 371,165 (valued at $354,166) loan funded shares following shareholder approval at the November 2015 AGM under the long term incentive payment component of his remuneration. For subsequent year grants, the total purchase price is expected to be $250,000. The number of loan funded shares to be granted will be calculated based on the volume-weighted average price (VWAP) for the 30 day period immediately prior to the grant date. Granting of the shares will be subject to shareholder approval at the relevant AGM.

Loan funded shares granted to Mr Aris will be held by the Trustee and will be subject to vesting conditions in accordance with plan rules in addition to the following three-year rolling performance hurdles:

1. 12.5% p.a. diluted compounded earnings growth per Company share (Diluted EPS) averaged over three consecutive financial years commencing from 1 July of the year of grant; or
2. a 50% increase in the Company's share price over three consecutive financial years commencing from 1 July of the year of grant, with a decrease of no more than 20% in the final financial year. These are rolling performance hurdles and based on financial year (not calendar year) results.

For each tranche, the performance period will commence from 1 July of the year of grant and end on the third anniversary of that day.

Executive Director, Philip Rix is also a Member Firm Principal (Bentleys WA) and as such is employed and remunerated by Bentleys (WA) which is a fully owned subsidiary, in accordance with the details under 'Member Firm Principals' below. The parent entity pays Bentleys (WA) a fixed fee per year for Mr Rix's services as a Countplus Director.

Member Firm Principals

The majority of Member Firm Principals do not have fixed term contracts with the Company but can be terminated without cause with written notice between 12 weeks to 6 months depending on contract terms.

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 Employee Loyalty Share Plan and cash bonuses for Group Executives.

As noted above, all full time employees of Member Firms (excluding Member Firm Principals) that meet annual earnings per share growth targets, are granted up to $1,000 worth of ordinary shares. Issues of shares under the Company's loan funded share plan are also only made to Member Firm Principals and senior employees if their firm reaches their earnings per share growth target.

Highlights of Company performance during the year are as follows:

- Net profit before tax for 2015/2016 of $21.8 million was up 67% from the previous financial year. Excluding the financial impact of the Class fair value gain and other one off items net profit before tax decreased 22% on the prior year. Net profit before tax is up 18% from the 2010/2011 net profit before tax result, our first year as a listed company, excluding a non-cash accounting gain taken on consolidation of the subsidiaries.
- Net profit after tax for 2016 increased by 41% to $14 million compared to prior year, and is 8.5% higher than in 2010/2011 (after adjusting for the non-cash consolidation gain).
- Diluted earnings per share for 2015/2016 increased by 35% from 9.01 cents per share to 12.13 cents per share. The Company's diluted earnings per share for 2010/2011 of 13.23 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 8 cents per share for 2015/2016. The Company's share price has fallen over the financial year from $1.09 at 30 June 2015 to $0.72 at 30 June 2016. The initial public offering price was $1.50 per share (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.

	Short Term Employee Benefits			Post-Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment		
2016	Salary and Fees $	Bonus $	Other $	Superannuation $	Long Service Leave $	Termination Benefits $	Employee Loyalty Share Plan [9] $	TOTAL $	% of Variable Remuneration
Non-Executive Directors									
Graeme Fowler [1]	65,000	0	0	6,175	0	0	0	**71,175**	**0%**
Barry Lambert [2] (Chairman)	91,324	0	0	8,676	0	0	0	**100,000**	**0%**
Executive Directors									
Philip Rix (Executive Director) [3]	261,904	0	600	34,988	7,082*	0	0	**304,574**	**0%**
Phillip Aris (Managing Director/CEO) [4]	488,518	0	0	19,308	13,047*	0	9,594	**530,467**	**2%**
Key Management Personnel									
John Collier (CFO) [5]	212,266	0	0	20,165	161	0	1,788	**234,380**	**1%**
Michael Spurr (CFO) [6]	74,748	0	0	7,101	0	107,107	0	**188,956**	**0%**
TOTAL	**1,193,760**	**0**	**600**	**96,413**	**20,290**	**107,107**	**11,382**	**1,429,552**	

2015	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 [9] $	TOTAL $
Non-Executive Directors								
Graeme Fowler [1]	65,000	0	0	6,175	0	0	0	**71,175**
Donald Sharp [7]	43,333	0	0	4,117	0	0	0	**47,450**
David Smith [8]	27,083	0	0	2,573	0	0	0	**29,656**
Barry Lambert [2] (Chairman)	122,713	0	2,083	11,658	0	0	0	**136,454**
Executive Directors								
Philip Rix (Executive Director) [3]	261,904	0	600	34,988	4,011*	0	0	**301,503**
Phillip Aris [4]	400,926	225,168**	6,307	29,999	18,632*	0	0	**681,032**
Michael Spurr [6] (Chief Financial Officer, Former Managing Director/CEO)	241,938	0	8,273	22,984	5,935*	0	0	**279,130**
TOTAL	**1,162,897**	**225,168**	**17,263**	**112,494**	**28,578**	**0**	**0**	**1,546,400**

* This amount reflects the expense recognised in the financial statements in accordance with the Corporations Regulation and not the amount that is owing to these directors.

** This amount reflects a performance bonus paid to Phil Aris relating to his prior role of Chief Executive Officer of subsidiary firm, TFS Operations Pty Ltd.

1 Graeme Fowler was appointed as a Director on 26 August 2010.
2 Barry Lambert was appointed as a Director on 10 August 2007.
3 Philip Rix was appointed as a Director on 1 April 2012 and as Bentleys WA Principal on 10 January 2008.
4 Phillip Aris was appointed as a Director on 14 January 2015.
5 John Collier was appointed as the CFO on 19 October 2015. 69,168 loan funded shares (valued at $66,000), of which 37,389 were already held by the trust, were issued to John Collier on 21 December 2015.
6 Michael Spurr was appointed as a Director on 10 August 2007 and as the CEO & CFO on 8 November 2010. Michael Spurr resigned as Managing Director and CEO on 13 January 2015 and as CFO on 9 October 2015.
7 Donald Sharp was appointed as a Director on 6 September 2010 and resigned on 26 February 2015.
8 David Smith was appointed as a Director on 26 August 2010 and resigned on 24 November 2014.
9 Key Management personnel were not part of the Employee Loyalty Share Plan. However, in 2016 both Phil Aris & John Collier were granted 371,165 & 69,168 shares respectively. The amount in this column reflects the expense recognised in the financial statements in accordance with the Corporations Regulation and not the amount that is owing to the CEO & CFO.

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

Disclosures Relating to Shares

Directors	Balance at the start of the year	Granted during the year	Purchased in FY16 until issuance of this report	Balance until issuance of this report
Barry Lambert	5,398,062	0	0	5,398,062
Phillip Aris	80,143	0	0	80,143
Philip Rix	1,044,252	0	0	1,044,252
Graeme Fowler	18,595	0	0	18,595

Transactions with Key Management Personnel

In December 2015, the Company made a further investment of $0.495 million in Class Limited. Countplus held a 5.4% interest in Class at 30 June 2016. The Chairman of Countplus Limited, Barry Lambert is also the Chairman of Class Limited, appointed to that position in November 2008. Mr Lambert and his related parties hold 2,047,318 ordinary shares in Class Limited (1.75%). Mr Lambert is not involved in any decisions taken by the Company regarding its shareholding in Class. Subsequent to year end, the Company disposed of 1 million shares in Class. Countplus currently holds 4.53% interest in Class.

End of the audited Remuneration Report.

Corporate Governance Statement

The Company's Directors and management are committed to conducting the business of Countplus Limited and its controlled entities (**the Group**) in an ethical manner. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations. The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**). In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Countplus' website (www.countplus.com.au) (**the Website**), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will identify each Recommendation that needs to be reported against by Countplus, and will provide shareholders with information as to where relevant governance disclosures can be found. The Company's corporate governance policies and charters and policies are all available on the Website.

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

Barry M. Lambert
Director
Sydney
22 September 2016

Auditor's Independence Declaration

GrantThornton

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Auditor's Independence Declaration
To the Directors of Countplus Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Countplus Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 22 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Financial Contents

Corporate Directory

30 June 2016

Directors

Barry Lambert
Chairman

Phillip Aris
Managing Director and Chief Executive Officer

Philip Rix
Executive Director

Graeme Fowler
Independent Non-Executive Director

Chief Financial Officer

John Collier

Company Secretary

Arlette Jubian

Principal Registered Office in Australia

Level 17
Suite 02
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Sydney NSW 2000
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Share Registry

Computershare Investor Services Pty Ltd
Level 3
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Sydney NSW 2000
Telephone: 1300 855 080
+61 2 8234 5000

Independent Auditors

Grant Thornton
Level 17
383 Kent Street
Sydney NSW 2000
Telephone: +61 2 8297 2400

Solicitors

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

Bankers

Macquarie Bank Limited
Commonwealth Bank of Australia

Stock Exchange Listings

Countplus Limited shares are listed on the Australian Securities Exchange (ASX).

Website Address

www.countplus.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Revenue from operating activities	2	**119,939**	122,014
Fees, commissions and related costs	2	**(32,322)**	(33,609)
Total revenue		**87,617**	88,405
Other income			
Gain on deferred consideration	18	**245**	178
Gain on revaluation of investment property		**30**	1,680
Gain on disposal of subsidiary		**1,290**	–
Interest income		**71**	122
Other income		**760**	556
Fair value gain on investments		**16,294**	–
Total other income		**18,690**	2,536
Salaries and employee benefits expense	3	**(59,500)**	(56,444)
Amortisation expense	3	**(2,673)**	(2,804)
Depreciation expense	3	**(948)**	(1,175)
Premises expenses		**(5,423)**	(5,098)
Acquisition related expenses		**(314)**	(271)
Loss on disposals of non-current assets		**–**	(138)
Share based payment expense		**(298)**	(335)
Impairment of intangible assets	14	**(2,672)**	–
Finance costs	3	**(1,293)**	(1,281)
Other operating expenses	3	**(12,486)**	(11,237)
Total expenses		**(85,607)**	(78,783)
Share of net profit of associates accounted for using equity method	15	**1,111**	893
Profit from operations before income tax		**21,811**	13,051
Income tax expense	4	**(7,831)**	(3,117)
Net profit from operations after income tax		**13,980**	9,934
Other comprehensive income, net of income tax		**–**	–
Total comprehensive income for the year, net of income tax		**13,980**	9,934
Net profit is attributable to:			
Owners of Countplus Limited		**13,392**	9,930
Non-controlling interests		**588**	4
		13,980	9,934
Total comprehensive income for the year is attributable to:			
Owners of Countplus Limited		**13,392**	9,930
Non-controlling interests		**588**	4
		13,980	9,934
		Cents	Cents
Earnings per share for-profit from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share	34	**12.13**	9.01
Diluted earnings per share	34	**12.13**	9.01

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**6,344**	6,087
Trade and other receivables	6	**17,324**	18,820
Loans and advances	7	**259**	502
Work in progress	8	**5,134**	5,129
Current tax receivable	11	**–**	274
		29,061	30,812
Assets classified as held for sale	9	**–**	2,954
TOTAL CURRENT ASSETS		**29,061**	33,766
NON-CURRENT ASSETS			
Loans and other receivables	6	**3,002**	2,069
Investments in associates	15	**13,552**	10,907
Other investments and financial assets	10	**20,881**	3,638
Property, plant and equipment	12	**4,158**	4,978
Intangible assets	14	**48,863**	50,080
TOTAL NON-CURRENT ASSETS		**90,456**	71,672
TOTAL ASSETS		**119,517**	105,438
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**10,845**	10,667
Interest bearing loans and borrowings	17	**18**	4
Current tax liabilities	11	**240**	–
Provisions	19	**4,043**	3,876
Other current liabilities	18	**4,147**	4,345
TOTAL CURRENT LIABILITIES		**19,293**	18,892
NON-CURRENT LIABILITIES			
Other payables	16	**1,652**	1,109
Interest bearing loans and borrowings	17	**25,603**	26,370
Deferred tax liabilities	11	**6,547**	2,327
Provisions	19	**2,300**	1,755
Other non-current liabilities	18	**1,367**	1,735
TOTAL NON-CURRENT LIABILITIES		**37,469**	33,296
TOTAL LIABILITIES		**56,762**	52,188
NET ASSETS		**62,755**	53,250
EQUITY			
Contributed equity	20	**121,583**	121,554
Reserves	21	**(64,878)**	(67,070)
Retained earnings / (accumulated losses)	22	**2,783**	(1,899)
Capital and reserves attributable to owners of Countplus Limited		**59,488**	52,585
Non-controlling interests	23	**3,267**	665
TOTAL EQUITY		**62,755**	53,250

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 2016

	Note	Issued Capital $'000	Treasury Shares* $'000	Retained earnings / (accumulated losses) $'000	Share Based Payment Reserve $'000	Available for sale (AFS) Reserve $'000	Acquisition Reserves $'000	Total $'000	Non-controlling interests (NCI) $'000	Total $'000
		Attributable to owners of Countplus Limited								
Balance at 1 July 2015		126,082	(4,528)	(1,899)	637	420	(68,127)	52,585	665	53,250
Profit for the year		–	–	13,392	–	–	–	13,392	588	13,980
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	13,392	–	–	–	13,392	588	13,980
Transactions with owners in their capacity as owners										
Issue of shares***	20	414	(385)	–	–	–	–	29	–	29
Transfer from AFS reserve to retained earnings	21	–	–	420	–	(420)	–	–	–	–
Transactions with non-controlling interests (NCI)	23	–	–	–	–	–	–	–	2,501	2,501
Effect on the reserves on account of Direct Equity Plan (DEP) opted for by 3 subsidiaries	21	–	–	–	–	–	2,127	2,127	–	2,127
Share based payments for loan funded share plan (LFSP)	21	–	–	–	282	–	–	282	–	282
Application of dividends to LFSP	21	–	–	–	203	–	–	203	–	203
Dividends provided for or paid**	24	–	–	(9,130)	–	–	–	(9,130)	(487)	(9,617)
Balance at 30 June 2016		126,496	(4,913)	2,783	1,122	–	(66,000)	59,488	3,267	62,755

	Note	Issued Capital $'000	Treasury Shares* $'000	Retained earnings / (accumulated losses) $'000	Share Based Payment Reserve $'000	Available for sale (AFS) Reserve $'000	Acquisition Reserves $'000	Total $'000	Non-controlling interests (NCI) $'000	Total $'000
		Attributable to owners of Countplus Limited								
Balance at 1 July 2014		123,384	(2,273)	(2,824)	294	420	(68,127)	50,874	290	51,164
Profit for the year		–	–	9,930	–	–	–	9,930	4	9,934
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	9,930	–	–	–	9,930	4	9,934
Transactions with owners in their capacity as owners										
Issue of shares***	20	2,698	(2,255)	–	–	–	–	443	530	973
Share based payments for LFSP	21	–	–	–	228	–	–	228	–	228
Application of dividends to LFSP		–	–	–	115	–	–	115	–	115
Dividends provided for or paid**	24	–	–	(9,005)	–	–	–	(9,005)	(159)	(9,164)
Balance at 30 June 2015		126,082	(4,528)	(1,899)	637	420	(68,127)	52,585	665	53,250

*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 $16,268 (2015: $107,285).

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 2016

	Note	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and services tax)		**133,114**	137,819
Payments to suppliers and employees (inclusive of goods and services tax)		**(118,728)**	(120,370)
		14,386	17,449
Dividends received		**216**	279
Interest received		**71**	122
Interest paid		**(1,293)**	(1,281)
Income taxes paid (net)		**(3,097)**	(4,981)
Net cash inflow from operating activities	33	**10,283**	11,588
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**16**	54
Proceeds from sale of Direct Equity Plan (DEP) to 3 subsidiaries		**4,917**	–
Proceeds from sale of fees		**277**	–
Proceeds from sale of share in associate entity (MyAccounts)		**325**	–
Proceeds from sale of Investment Property		**2,954**	–
Purchase of equipment and other non-current asset		**(1,085)**	(2,117)
Payment for investments in CRH shares		**–**	(1,157)
Proceeds from disposal of CRH shares		**–**	1,329
Payments to acquire other financial assets		**(984)**	(661)
Payments for acquisition of subsidiaries / business assets		**(3,043)**	(1,983)
Payments for investment in associated entities	15	**(2,747)**	(3,501)
Dividends/distributions received from associated entities		**888**	841
Payment for deferred consideration on acquisition of controlled entities and associates		**(1,180)**	(1,875)
Loans from / (to) related parties		**–**	(5)
Payment for investments		**(215)**	–
Net cash inflow / (outflow) from investing activities		**123**	(9,075)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**30,498**	39,482
Repayment of borrowings		**(31,250)**	(33,961)
Repayment of borrowings / hire purchase and lease liabilities		**–**	(6)
Proceeds from repayment of loan in respect of dividends received on loan funded shares		**203**	115
Payment of dividends to equity holders	18	**(9,113)**	(10,071)
Payment of dividends by controlled subsidiaries to non-controlling interests		**(487)**	(159)
Net cash outflow from financing activities		**(10,149)**	(4,600)
Net increase/(decrease) in cash and cash equivalents held		**257**	(2,087)
Cash and cash equivalents at beginning of year		**6,087**	8,174
Cash and cash equivalents at end of financial year	5	**6,344**	6,087

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 2016

1 Segment information

The Group treats their operations as one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held in Australia and the revenues are sourced in Australia.

2 Revenue

(a) Revenue from operating activities

	2016 $'000	2015 $'000
Accounting services revenue	**58,022**	58,243
Financial services revenue	**47,977**	48,533
Commissions earned on property sales	**8,741**	9,686
Other property related income	**647**	873
Other operating revenue	**4,552**	4,679
	119,939	122,014
Fees, commissions and related costs		
Fees and related costs	**(27,637)**	(28,446)
Commissions paid on property sales	**(4,685)**	(5,163)
	(32,322)	(33,609)
Total revenue from ordinary activities	**87,617**	88,405

(b) Fees, commissions and related costs

Fees, commissions and related costs are made up primarily 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 Pacific East Coast Group ("PEC Group") to its affiliated members.

3 Expenses

The result for the year was derived after charging / (crediting) the following items:

	2016 $'000	2015 $'000
Depreciation expenses		
Office equipment	**448**	550
Leasehold improvements	**71**	70
Furniture & fixtures	**267**	301
Motor vehicles	**19**	22
Make good	**72**	156
Other	**71**	76
Total depreciation	**948**	1,175
Amortisation expenses		
Acquired client relationships / adviser networks	**2,402**	2,558
Software	**138**	186
Other	**133**	60
Total amortisation	**2,673**	2,804
Total depreciation and amortisation expenses	**3,621**	3,979
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**1,293**	1,281
Other expenses		
Professional, service and consulting fees		
Audit fees	**312**	305
Legal fees	**508**	596
Service fees – Count Financial	**–**	83
Accounting and other professional fees	**863**	576
Total professional, service and consulting fees	**1,683**	1,560
Other expenses		
Bad and doubtful debts – trade receivables	**550**	668
Sales and marketing expenses	**1,273**	1,074
Administration expenses	**3,369**	3,486
Insurance expense	**1,085**	948
Technology expense	**3,186**	3,000
Net loss on disposal of property, plant and equipment	**599**	44
Other	**741**	457
Total other expenses	**10,803**	9,677
Total other operating expenses from ordinary activities	**12,486**	11,237
Salaries and employee benefit expenses		
Wages, salaries and on-costs	**49,128**	46,591
Post-employment benefit expenses	**4,247**	4,142
Other employee benefit expenses	**6,125**	5,711
Total salaries and employee benefit expenses	**59,500**	56,444

4 Income Tax Expense

(a) Income tax expense

	2016 $'000	2015 $'000
Current tax expense	**3,688**	4,009
Under/(over) provision – prior year	**5**	(24)
Deferred tax expense/(benefit)	**4,138**	(868)
	7,831	3,117
Deferred income tax / expense (revenue) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 11(d))	**22**	(232)
Increase/(decrease) in deferred tax liabilities (note 11(f))	**4,116**	(636)
Total	**4,138**	(868)

(b) Reconciliation of income tax expense to prima facie tax payable:

	2016 $'000	2015 $'000
Profit from continuing operations before income tax expense	21,811	13,051
Australian tax rate	30%	30%
Tax amount at the Australian tax rate	6,543	3,915
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Recognition of deferred tax assets on revenue losses, not previously recognised	–	(27)
Utilisation of capital losses for gain on sale of investment property	–	(504)
Utilisation of capital losses for gain on sale of Crowe Horwath shares	–	(52)
Utilisation of capital losses for gain on Direct Equity Plan sales	(254)	–
Utilisation of gain on sale of investment property	76	–
Non-deductible expenses	332	266
Non-taxable income	(83)	(47)
Goodwill impairment expense	802	–
Non-taxable dividends	(367)	(316)
(Loss) on deferred consideration adjustment	(73)	(52)
Benefit on trail commission	(30)	(43)
Other	3	1
Profit/(loss) on Direct Equity Plan sales	511	–
Profit/(loss) on disposal of subsidiary	366	–
	7,826	3,141
Under/(over) provision in prior years	5	(24)
Total income tax expense	7,831	3,117

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 principles in AASB 112 *Income Taxes*.

5 Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	6,344	6,087

(a) Reconciliation of 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.

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 36. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

6 Trade and other receivables

(a) Current assets – Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	12,554	14,665
Provision for impairment of trade receivables (note 6(c))	(1,394)	(2,210)
	11,160	12,455
Prepayments	906	1,067
Other receivables*	5,258	5,298
	17,324	18,820

*Other receivables include $2,113,000 (2015: $1,995,000) on account of property commissions receivable by Kidmans PEC (KPEC). It also includes $783,000 (2015: $697,000) on account of commissions and margins on funds under management by Total Financial Solutions.

(b) Ageing analysis of trade receivables

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

	2016 $'000	2015 $'000
0 to 1 month	**6,380**	7,696
0 to 1 month CI^	**64**	83
1 to 3 months PDNI*	**2,940**	3,324
1 to 3 months CI^	**33**	26
3 to 6 months PDNI*	**1,064**	1,311
3 to 6 months CI^	**212**	235
Over 6 months PDNI*	**776**	124
Over 6 months CI^	**1,085**	1,866
	12,554	14,665

* 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 and is based on the Group provisioning policies. Bad and doubtful debts expense of $550,000 (2015: $668,000) has been recognised by the Group in the current year. These amounts have been included in other operating expenses.

(c) Movements in provision for impairment

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

	2016 $'000	2015 $'000
At 1 July	**(2,210)**	(1,877)
Bad and doubtful debts recognised during the year	**(550)**	(668)
Receivables written off during the year as uncollectible	**1,366**	335
At 30 June	**(1,394)**	(2,210)

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

(d) 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 36 for more information on the risk management policy of the Group.

(e) Non-current assets – Receivables

	2016 $'000	2015 $'000
Other receivables*	**2,803**	1,845
Interest bearing loans**	**199**	224
	3,002	2,069

*Other receivables relate to commissions on sale of properties expected to be received when settlement of the properties occur.

**Loans bear interest at 8.5% p.a and have a term of 10 years.

7 Current assets – Loans and advances

	2016 $'000	2015 $'000
Loans and advances	**259**	502

8 Current assets – Work in progress

	2016 $'000	2015 $'000
Work in progress	**5,616**	5,546
Provision for write-off of work in progress	**(482)**	(417)
	5,134	5,129

(a) Ageing analysis of work in progress

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

	2016 $'000	2015 $'000
0 to 1 month	**2,002**	1,989
0 to 1 month PWO*	**153**	156
1 to 3 months CR^	**1,418**	1,207
1 to 3 months PWO*	**89**	113
Over 3 months CR^	**1,714**	1,933
Over 3 months PWO*	**240**	148
	5,616	5,546

* 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 $482,000 (2015: $417,000) 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 statement of profit or loss and other comprehensive income.

(b) Movements in provision for write-off

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

	2016 $'000	2015 $'000
At 1 July	**(417)**	(494)
Provision for (write-back) / write-off recognised during the year	**(65)**	77
At 30 June	**(482)**	(417)

Details of the significant accounting policies and methods adopted for accounting for work in progress can be found in note 39(l).

9 Assets classified as held for sale

	2016 $'000	2015 $'000
Assets held for sale		
Investment property	**–**	2,954
Total assets held for sale	**–**	2,954

On 5 August 2015, Victorian based subsidiary, Property Investment Management Ltd (a subsidiary of member firm Pacific East Coast Group) sold its commercial property asset in Flinders Street, Melbourne for $3.05 million. The transaction was settled on 5 October 2015. There was no gain or loss on disposal as the investment property was recorded at fair value at 30 June 2015, with this fair value based on the subsequent selling price. In considering the requirements of AASB 13 Fair Value Measurement, and specifically the fair value hierarchy, the sale price net of associated cost was deemed to be the most appropriate measure of fair value as at 30 June 2015.

10 Other investments and financial assets

Other investment and financial assets comprise:

	2016 $'000	2015 $'000
Listed equity securities*	**20,881**	3,638

* Due to early adoption of AASB 9 with effect from 1 July 2015, investments in shares of Class Limited were classified as 'Fair value through profit or loss' and the fair value adjustment has been posted through statement of profit or loss. In FY 2015, the shares in Class Limited were classified as 'Available for sale' and fair value adjustment was posted through 'Available for sale reserve' / 'Other comprehensive income'. The FY 2015 balance in the AFS reserve has been directly transferred to the retained earnings pursuant to the adoption of AASB 9.

Class shares listed on the Australian Stock Exchange on 17 December 2015. Prior to that the shares were offered to the general public and interested parties at $1 per share. Countplus Limited along with some of its subsidiaries acquired a further 952,000 shares. At 30 June 2016, Countplus Limited together with its subsidiaries holds 6,327,540 shares or 5.4% (2015: 4.8%) and the closing share price as at 30 June 2016 was $3.30.

11 Tax liabilities

(a) Current tax asset

	2016 $'000	2015 $'000
Current tax receivable	–	274

(b) Current tax liabilities

	2016 $'000	2015 $'000
Provision for income tax	240	–

(c) Deferred tax assets

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Provisions		
Bonus	–	36
Employee liabilities (annual leave and long service leave)	1,795	1,654
Bad and doubtful debts	418	663
Professional fees	159	–
Make good	61	94
Rent free period	27	46
Accruals	141	125
Depreciation	77	82
Loan establishment costs	19	31
ASX listing / equity raising costs	3	4
Tax losses	481	102
Other	66	52
Total deferred tax assets	3,247	2,889
Set-off of deferred tax liabilities pursuant to set-off provisions	(3,247)	(2,889)
Net deferred tax assets	–	–

(d) Movements in deferred tax assets

	Equity raising cost $'000	Other $'000	Total $'000
At 1 July 2014	51	2,531	2,582
(Charged)/credited to income tax expense	(48)	280	232
Increase/(decrease) in tax losses	–	75	75
At 30 June 2015	3	2,886	2,889
At 1 July 2015	3	2,886	2,889
(Charged)/credited to income tax expense	–	(21)	(21)
Transfer to current tax liabilities	–	379	379
At 30 June 2016	3	3,244	3,247

(e) Deferred tax liabilities

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Work in progress	2,116	2,002
Prepaid expenses	16	11
Fair value intangible assets	2,527	2,803
Adjustment to carrying value of investment in associates	36	44
Adjustment to tax cost base on depreciation of asset due to tax consolidation	8	11
Other	30	165
Revaluation of other investments	5,061	180
Total deferred tax liabilities	9,794	5,216
Set-off of deferred tax assets pursuant to set-off provisions (refer note 11(c) above)	(3,247)	(2,889)
Net deferred tax liabilities	6,547	2,327

(f) Movements in deferred tax liabilities

	Share of profit of associates $'000	Fair valued intangible assets $'000	Fair valued consolidation uplift $'000	Revaluation reserve $'000	Other $'000	Total $'000
At 1 July 2014	49	3,306	129	180	1,941	5,605
Net deferred tax balance on acquisition of subsidiaries*	–	247	–	–	–	247
Unwinding DTL/Overprovision	–	–	(129)	–	129	–
Charged/(credited) to the income tax expense	(5)	(750)	–	–	119	(636)
At 30 June 2015	44	2,803	–	180	2,189	5,216
At 1 July 2015	**44**	**2,803**	**–**	**180**	**2,189**	**5,216**
Net deferred tax balance on acquisition of subsidiaries*	**–**	**462**	**–**	**–**	**–**	**462**
Charged/(credited) to the income tax expense	**(8)**	**(732)**	**–**	**–**	**4,856**	**4,116**
Charged directly to equity (revaluation reserve)	**–**	**–**	**–**	**(180)**	**180**	**–**
At 30 June 2016	**36**	**2,533**	**–**	**–**	**7,225**	**9,794**

*Includes business assets acquired by member firms

12 Property, plant and equipment

	Office equipment $'000	Furniture, fixtures and fittings $'000	Make good $'000	Leasehold improvements $'000	Other property, plant and equipment $'000	Motor vehicle $'000	Total $'000
At 30 June 2014							
Cost	3,207	2,525	501	1,101	743	209	8,286
Accumulated depreciation	(1,622)	(1,101)	(205)	(283)	(552)	(80)	(3,843)
Net book amount	1,585	1,424	296	818	191	129	4,443
Year 30 June 2015							
Opening net book amount	1,585	1,424	296	818	191	129	4,443
Additions	812	269	215	306	74	–	1,676
Additions through acquisition of entity	6	12	–	–	–	–	18
Disposals – written down value	(33)	(11)	(14)	–	(2)	(7)	(67)
Depreciation expense	(550)	(301)	(156)	(70)	(75)	(23)	(1,175)
Revaluation increase recognised in income	–	–	83	–	–	–	83
Closing net book amount	1,820	1,393	424	1,054	188	99	4,978
At 30 June 2015							
Cost	3,550	2,734	685	1,401	812	191	9,373
Accumulated depreciation	(1,730)	(1,341)	(261)	(347)	(624)	(92)	(4,395)
Net book amount	1,820	1,393	424	1,054	188	99	4,978
Year 30 June 2016							
Opening net book amount	**1,820**	**1,393**	**424**	**1,054**	**188**	**99**	**4,978**
Additions	**309**	**193**	**157**	**51**	**118**	**53**	**881**
Additions through acquisition of entity	**27**	**–**	**–**	**–**	**–**	**–**	**27**
De-consolidation of subsidiary	**(47)**	**(5)**	**(3)**	**–**	**–**	**–**	**(55)**
Disposals – written down value	**(75)**	**(309)**	**(81)**	**(224)**	**(23)**	**(13)**	**(725)**
Depreciation expense	**(448)**	**(266)**	**(73)**	**(71)**	**(71)**	**(19)**	**(948)**
Closing net book amount	**1,586**	**1,006**	**424**	**810**	**212**	**120**	**4,158**
At 30 June 2016							
Cost	**3,066**	**2,080**	**631**	**1,151**	**876**	**204**	**8,008**
Accumulated depreciation	**(1,480)**	**(1,074)**	**(207)**	**(341)**	**(664)**	**(84)**	**(3,850)**
Net book amount	**1,586**	**1,006**	**424**	**810**	**212**	**120**	**4,158**

13 Investment property

	2016 $'000	2015 $'000
Balance at the beginning of the year	–	1,250
Revaluation	–	1,704
Transfers to held for sale	–	(2,954)
Balance at end of the year	–	–

A subsidiary of Pacific East Coast Group, Property Investment Management Ltd previously held a commercial property asset ('Sign') which was a wall space of a building leased for advertising purposes. This 'Sign' was acquired by Countplus as part of the acquisition of the Pacific East Coast Group in February 2012. Management had determined that this asset should be classified as an investment property and measured at fair value in accordance with AASB 140. Refer to note 39(p) for accounting policy relating to Investment property.

On 5 August 2015, Victorian based subsidiary, Property Investment Management Ltd (a subsidiary of member firm Pacific East Coast Group) sold the 'Sign' for $3.05 million. The transaction was settled on 5 October 2015. There was no gain or loss on disposal as the investment property was recorded at fair value at 30 June 2015, with this fair value based on the subsequent selling price. In considering the requirements of AASB 13 Fair Value Measurement, and specifically the fair value hierarchy, the sale price net of associated cost was deemed to be the most appropriate measure of fair value as at 30 June 2015.

14 Intangible assets

	Goodwill $'000	Acquired client relationships / Adviser networks $'000	Brands $'000	IT software $'000	Other intangible assets $'000	Total $'000
At 30 June 2014						
Cost	35,320	22,457	1,055	1,360	985	61,177
Accumulated amortisation and impairment	–	(11,115)	–	(731)	(101)	(11,947)
Net book amount	35,320	11,342	1,055	629	884	49,230
Year 30 June 2015						
Opening net book amount	35,320	11,342	1,055	629	884	49,230
Additions	–	425	–	127	85	637
Additions through acquisition of subsidiaries / business assets	2,356	825	–	–	–	3,181
Disposals	–	–	–	(26)	–	(26)
Amortisation	–	(2,558)	–	(186)	(60)	(2,804)
Impairment expense	–	–	–	(138)	–	(138)
Closing net book amount	37,676	10,034	1,055	406	909	50,080
At 30 June 2015						
Cost	37,676	23,707	1,055	1,138	1,069	64,645
Accumulated amortisation and impairment	–	(13,673)	–	(732)	(160)	(14,565)
Net book amount	37,676	10,034	1,055	406	909	50,080
Year 30 June 2016						
Opening net book amount	37,676	10,034	1,055	406	909	50,080
Additions	172	139	–	82	98	491
Additions through business combinations	2,807	1,539	–	–	10	4,356
Disposals	(51)	(421)	–	(9)	–	(481)
De-consolidation of subsidiary	(175)	–	–	(63)	–	(238)
Amortisation	–	(2,402)	–	(138)	(133)	(2,673)
Impairment expense	(2,672)	–	–	–	–	(2,672)
Closing net book amount	37,757	8,889	1,055	278	884	48,863
At 30 June 2016						
Cost	40,429	24,964	1,055	1,148	1,177	68,773
Accumulated amortisation and impairment	(2,672)	(16,075)	–	(870)	(293)	(19,910)
Net book amount	37,757	8,889	1,055	278	884	48,863

(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,

For the purpose of impairment testing, sixteen of the twenty member firms listed in note 30, are considered as separate CGUs, operating largely independently from other businesses in the Group. Two member firms, Addvantage Accountants and Achieve Corporation are assessed as one CGU due to the fact that the businesses operate in the same premise where various resources and costs are shared. Therefore, they do not operate independently and are considered as one CGU. All member firms are separately identified in note 30. The carrying amount of goodwill and other intangibles allocated to CGUs is disclosed in the table below. Three of the seventeen CGUs are considered individually significant (2015: 3 CGUs) in comparison to the Group's total carrying amount. For the remaining fourteen CGUs (2015: 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". The aggregate carrying amount of goodwill and other intangibles allocated to those other CGUs is significant in comparison with the entity's total carrying amount of goodwill and other intangibles.

Carrying amount of intangible assets allocated to each of the cash generating units:

	TFS Group		Wearne & Co		Kidmans PEC		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Goodwill	**7,260**	7,260	**5,346**	5,346	**2,077**	2,026	**25,745**	23,044	**40,428**	37,676
Acquired client relationships	**7,291**	7,131	**1,806**	1,806	**325**	324	**15,533**	14,446	**24,955**	23,707
IT software	**145**	108	**–**	–	**51**	51	**837**	979	**1,033**	1,138
Brand	**–**	–	**–**	–	**1,055**	1,055	**–**	–	**1,055**	1,055
Other intangibles	**591**	590	**–**	–	**392**	393	**193**	86	**1,176**	1,069
Impairment – refer note 14(e)	**–**	–	**(1,672)**	–	**–**	–	**(1,000)**	–	**(2,672)**	–
Accumulated amortisation	**(4,020)**	(3,280)	**(1,414)**	(1,240)	**(395)**	(302)	**(11,283)**	(9,743)	**(17,112)**	(14,565)
Total	**11,267**	11,809	**4,066**	5,912	**3,505**	3,547	**30,025**	28,812	**48,863**	50,080

Entities within the TFS Group and Kidmans PEC are shown in note 30.

In 2016 the Company utilised a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5 year period to assess the recoverable amount of the CGUs. In 2015, two methods were utilised to assess the recoverable amount of the CGUs; Method 1 – a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5 year period; and Method 2 – a fair value less costs to sell calculation.

For the value in use calculation, 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 2.5% growth rate. This method is used to assess impairment for all CGUs.

(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
- Employment expense ratios
- Discount rates

Revenue growth is based on the budget for the next financial year as well as management assessment over the forecast period. Budget revenue for 2017 is based on management expectation and the average annual revenue growth thereafter is assumed to be maintained at 3%p.a. over the remaining forecast period for all CGUs.

Employment expense ratios are based on the 2017 budgets and management assessment over the forecast period. Employment expense ratio shows the employment cost as a percentage of net revenue. For the TFS Group, this is assumed to be maintained at 30% over the forecast period. For the other CGUs, this is assumed to be maintained between 49% and 74% over the forecast period.

Discount rates represent the current market assessment of the risks specific to the Group, 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 is calculated using the weighted average cost of capital (WACC) and reflect management's estimation of the time value of money and specific risk estimated for the Group. 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 17.66% p.a. was applied to all 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 estimates this to be 2.5% 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

Sensitivity has been tested for the following three CGUs based on management assessment that the assumptions in the value in use calculation for these CGUs were most sensitive to change.

For Addvantage Accountants (acquired 31 March 2008) and Achieve Corporation (acquired 30 September 2009):

The recoverable amount as determined by the value in use calculation exceeds the carrying value by $2.3 million.

Reasonably possible changes in assumptions will not result in impairment except the following:

– Other things being equal, if the company's yearly revenue is 16% less than expected over the forecast period, it would result in recoverable value equating to the carrying value.
– Other things being equal, if the company's yearly revenue is 25% less than expected over the forecast period, an impairment of $1,294,000 would result.
– If the company's employment cost margin (its single largest expense item) increases to 74% over the forecast period, it would result in recoverable value equating to the carrying value.

For Bentleys (WA) (acquired 29 February 2008):

The recoverable amount as determined by the value in use calculation exceeds the carrying value by $5.4 million.

Reasonably possible changes in assumptions will not result in impairment except the following:

– Other things being equal, if the company's yearly revenue is 26.7% less than expected over the forecast period, it would result in recoverable value equating to the carrying value.
– If the Company's employment cost margin (its single largest expense item) increases to 79% over the forecast period, it would result in recoverable value equating to the carrying value.
– If the discount rate increases to 35% over the forecast period, it would result in recoverable value equating to the carrying value.

For Evolution Advisers (acquired 31 July 2009):

The recoverable amount as determined by the value in use calculation exceeds the carrying value by $2.8 million.

Reasonably possible changes in assumptions will not result in impairment except the following:

– Other things being equal, if the company's yearly revenue is 24.6% less than expected over the forecast period, it would result in recoverable value equating to the carrying value.
– Other things being equal, if the company's yearly revenue is 30% less than expected over the forecast period, an impairment of $624,000 would result.
– If the company's employment cost margin (its single largest expense item) increases to 76% over the forecast period, it would result in recoverable value equating to the carrying value.

For the other CGUs:

Across all CGUs over the forecast period, if revenue is lower than expectation by 10% p.a., an impairment of $1.01 million would result.

Management believes that no other reasonable change in 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	4 – 10 years
Adviser networks	13 – 15 years
Software	1 – 4 years
Brand	Indefinite life

(e) Impairment of assets

In December 2015, following the departure of a principal, and the subsequent sale of certain clients, together with difficult economic conditions, management performed an impairment assessment in accordance with AASB 136 Impairment of Assets in relation to the Cash Generating Unit ("CGU") Addvantage Accountants ("Addvantage") located in ACT. Having conducted a value in use calculation, an impairment loss of $1,000,000 was recognised for this CGU, reducing the carrying amount of its Goodwill to $1,468,481. This impairment was initially recognised at 31 December 2015, in the Half-Year Financial Statements.

Key assumptions for this value in use calculation at 31 December 2015 were:

- Revenue growth which was assumed to be maintained between 0%p.a. and 5% p.a. over the forecast period;
- Employment expense ratio which was expected to be maintained at 61% over the forecast period;
- A pre-tax discount rate of 18.05% was applied; and
- The long term growth rate (terminal rate) was estimated to be 3% p.a.

An updated value in use calculation was prepared at 30 June 2016, using those assumptions detailed in note 14(b). No further impairment was recorded following this updated assessment.

Since December 2015, Addvantage Accountants merged offices with another ACT based member firm, Achieve Corporation. As a result of sharing the same premise and various other resources, Addvantage Accountants and Achieve Corporation are being assessed as one CGU at 30 June 2016. No additional impairment was detected for this CGU at 30 June 2016. See note 14(c) for further details on the assumptions of the impairment test.

In June 2016, management performed their annual impairment test in accordance with the requirements of AASB 136. Following the departure of a senior principal and the associated loss of certain clients together with change to its operation team, management assessed the recoverable amount of the Sydney based CGU Wearne & Co. Based on the value in use calculation performed, an impairment loss of $1,671,803 was recognised, reducing the carrying amount of its Goodwill to $3,674,197. A pre tax discount rate of 17.66% (2015: 17.97%) was applied to the value in use calculation.

The recoverable amount of Wearne & Co was determined based on value in use calculations, consistent with the methods described in note 14(b) of this report.

15 Interests in Associates

(a) Details of Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
Associates:			
One Hood Sweeney Pty Ltd	Australia	**32**	26
My Accounts Pty Ltd	Australia	**–**	30
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)	Australia	**50**	50
Home Port Property Group Unit Trust	Australia	**50**	50
Financial Momentum Vic Pty Ltd	Australia	**40**	40
McQueen Financial Group Pty Ltd	Australia	**49**	49
Nixon Financial Services Pty Ltd	Australia	**30**	30
Hunter Financial Planning Pty Ltd	Australia	**40**	–

*The percentage of ownership interest held is equivalent to the percentage of voting rights for all associates.

In August 2015, Countplus subsidiary ADVICE389 acquired a 40% equity interest in NSW based Company, Hunter Financial Planning Pty Ltd ("Hunter"). The purchase consideration of $2.75m was settled in full on completion.

In October 2015, One Hood Sweeney Pty Ltd completed a share buy back from one of its principals. As a result of this buy back, Countplus Limited's shareholding increased from 25.85% to 32.36% without any additional cash outlay.

In November 2015, Countplus subsidiary Change Accountants sold its 30% share in its associate entity MyAccounts Pty Ltd for $325,000.

One Hood Sweeney Pty Ltd

One Hood Sweeney is a South Australian professional services firm with over 80 staff located across Adelaide, Whyalla and Kadina. It provides accounting, business advisory, financial planning, finance and technology services to its clients. The transaction represents Countplus' progressive acquisition model, in which an initial minority interest is taken. The model allows Principals to retain a direct interest and can more easily facilitate the entry of new Principals into an equity position, as well as reducing acquisition risk for Countplus. This investment by Countplus is strategic to the Group's activities.

Hunter Financial Planning Pty Ltd

Hunter Financial is a financial planning specialist in Newcastle. In August 2015, Countplus member firm, ADVICE389 acquired a 40% equity stake in Hunter Financial. This investment is strategic to the Group's activities.

Home Port Property Group Unit Trust and Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)

Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust) is an Australian based licensed real estate agency, with offices in Sydney & Melbourne, from where Home Port provides a specialist service to a client base of property investors located all around the world. Countplus member firm, Kidmans PEC Pty Ltd have a 50% equity stake in Home Port Property Group. This investment is strategic to the Group's activities.

Financial Momentum Vic Pty Ltd

Financial Momentum is a financial services firm based in regional Victoria. Financial Momentum offers high quality and innovative Financial Planning products and services with particular knowledge of Super, Risk Insurance, Investment and Allocated Pension products suitable for Pensioners and Retirees. Countplus member firm, Total Financial Solutions (TFS) has a 40% equity stake in Financial Momentum. This investment is strategic to the TFS Group's activities.

McQueen Financial Group Pty Ltd

McQueen Financial Group, is a financial services firm based in Melbourne, Victoria. McQueen have expertise in all aspects of wealth management, including financial advice, investments, savings plans, budgeting, superannuation, insurance and estate planning. Countplus member firm, Total Financial Solutions (TFS) has a 49% equity stake in McQueen. This investment is strategic to the TFS Group's activities.

Nixon Financial Services Pty Ltd

Nixon Financial Services is a financial services firm based in regional Victoria. Nixon have expertise in all aspects of financial planning, investment advice, superannuation, pensions, self managed superannuation funds, insurances, investments and income protection plans. Countplus member firm, Total Financial Solutions (TFS) has a 30% equity stake in Nixon. This investment is strategic to the TFS Group's activities.

(b) Associates

All associates have the same year end as the parent entity.

There are no significant restrictions on the ability of associates to transfer funds in the form of cash dividends or to repay loans or advances to the consolidated entity.

(c) Material associates

The following information is provided for associates that are material to the Consolidated entity. Figures are as per the associate's financial statements, adjusted for fair value at acquisition and differences in accounting policies, rather than the Consolidated entity's share.

Name of Associate	One Hood Sweeney Pty Ltd		Financial Momentum Vic Pty Ltd		McQueen Financial Group Pty Ltd		Nixon Financial Services Pty Ltd		Hunter Financial Planning Pty Ltd	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Summarised Consolidated Statement of Financial Position										
Current assets	**3,685**	3,845	**199**	351	**1,333**	287	**178**	208	**532**	–
Non-current assets	**6,564**	5,123	**65**	54	**1,198**	1,130	**750**	–	**7,349**	–
Current liabilities	**(2,964)**	(3,702)	**(207)**	(295)	**(1,138)**	(570)	**(106)**	(103)	**(623)**	–
Non-current liabilities	**(4,768)**	(474)	**(375)**	(422)	**(850)**	(1,058)	**(19)**	(47)	**(224)**	–
Net assets / equity	**2,517**	4,792	**(318)**	(312)	**543**	(211)	**803**	58	**7,034**	–
Percentage of Group's ownership	**32%**	26%	**40%**	40%	**49%**	49%	**30%**	30%	**40%**	–
Group's share based on the net assets calculated	**814**	1,238	**(128)**	(125)	**266**	(103)	**241**	17	**2,814**	–
Goodwill	**5,300**	4,840	**1,113**	1,149	**3,056**	3,113	**409**	631	**–**	
	6,114	6,078	**985**	1,024	**3,322**	3,010	**650**	648	**2,814**	
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income										
Revenue	**21,386**	21,407	**1,199**	1,099	**3,030**	2,425	**758**	297	**2,663**	–
Profit / (loss) from continuing operations	**3,035**	3,422	**314**	334	**872**	669	**171**	73	**552**	–
Total comprehensive income	**3,035**	3,422	**314**	334	**872**	669	**171**	73	**552**	–
Group's share of profit/(loss) for the year	**619**	580	**126**	123	**427**	330	**51**	21	**221**	–

Reconciliation of carrying amount of interest in associates to summarised financial information for associates accounted for using the equity method:

	2016 $'000	2015 $'000
Hunter Financial Planning Pty Ltd		
Opening balance	**–**	–
Interest acquired in associates	**2,747**	–
Share of profit	**221**	–
Dividends and distributions	**(154)**	–
Carrying amount based on share in net assets of associate	**2,814**	–
ACR amortisation accounted in Parent books	**(102)**	–
Carrying value as at 30 June	**2,712**	–

	2016 $'000	2015 $'000
One Hood Sweeney Pty Limited		
Opening balance	**5,998**	5,342
Interests acquired in associates	**–**	673
Share of profit	**619**	580
Dividends and distributions	**(503)**	(517)
Carrying amount based on share in net assets of associate	**6,114**	6,078
ACR amortisation accounted in Parent books	**(107)**	(80)
Carrying value as at 30 June	**6,007**	5,998

	2016 $'000	2015 $'000
Financial Momentum Vic Pty Ltd		
Opening balance	**987**	–
Interests acquired in associates	**–**	966
Share of profit	**126**	123
Dividends and distributions	**(128)**	(65)
Carrying amount based on share in net assets of associate	**985**	1,024
ACR amortisation accounted in Parent books	**(35)**	(37)
Carrying value as at 30 June	**950**	987

	2016 $'000	2015 $'000
McQueen Financial Group Pty Ltd		
Opening balance	2,953	–
Interests acquired in associates	–	2,924
Share of profit	427	330
Dividends and distributions	(58)	(244)
Carrying amount based on share in net assets of associate	3,322	3,010
ACR amortisation accounted in Parent books	(72)	(57)
Carrying value as at 30 June	3,250	2,953

	2016 $'000	2015 $'000
Nixon Financial Services Pty Ltd		
Opening balance	644	–
Interests acquired in associates	–	631
Share of profit	51	21
Dividends and distributions	(45)	(4)
Carrying amount based on share in net assets of associate	650	648
ACR amortisation accounted in Parent books	(17)	(4)
	–	–
Carrying value as at 30 June	633	644

The associates had no contingent liabilities or capital commitments as at 30 June 2016 or 30 June 2015.

(d) Aggregate information for associates that are not individually material

Countplus has interests in two other associates, neither of which is considered individually material. The table below summarises, in aggregate, the financial information of both individually immaterial associates.

	2016 $'000	2015 $'000
Carrying amount of investments in associates that are not individually material		
Opening balance	325	319
Interest sold in associates	(325)	–
Share of profit	–	18
Distributions received	–	(12)
Closing balance as at 30 June	–	325

16 Trade and other payables

(a) Current payables

	2016 $'000	2015 $'000
Trade payables	2,096	2,200
GST payable	1,858	1,945
Sundry payables and accrued expenses	4,668	4,554
Other payables	2,223	1,968
	10,845	10,667

(b) Non-current payables

	2016 $'000	2015 $'000
Other payables*	1,652	1,109

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

17 Interest bearing loans and borrowings

(a) Current interest bearing loans and borrowings

	2016 $'000	2015 $'000
Unsecured		
Loans from related parties	–	2
Total unsecured current loans and borrowings	–	2
Secured		
Hire purchase liabilities (note 28)	11	2
Other loans	7	–
Total secured current loans and borrowings	18	2
Total current loans and borrowings	18	4

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 36.

(b) Non-Current interest bearing loans and borrowings

	2016 $'000	2015 $'000
Secured		
Bank loans – funding facility and other loans	25,565	26,370
Hire purchase liabilities (note 28)	38	–
Total secured non-current loans and borrowings	25,603	26,370

Financing arrangements

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

	2016 $'000	2015 $'000
Bilateral funding facility	30,000	30,000
	30,000	30,000
Total facilities	30,000	30,000
Used at balance date	(25,543)	(26,370)
Unused at balance date	4,457	3,630

The non-current interest bearing loans and borrowings balance is made up of $25.5 million (2015: $26.3 million) borrowings from Macquarie Bank Limited. It replaced the previous facility with the Commonwealth Bank up to May 2015 for the prior period. The limit for the revolving line of credit with Macquarie Bank is currently $30 million (2015: $30 million) and is a variable rate, 3 year interest only facility. The rate is determined with reference to the Bank Bill Swap (BBSW) Reference Rates published in the Australian Financial Review plus a margin. Interest will accrue on outstanding balance from day to day and be computed on a daily basis.

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

(c) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

18 Other liabilities

(a) Other current liabilities

	2016 $'000	2015 $'000
Provision for dividend	2,291	2,274
Deferred cash consideration for acquisition of subsidiaries*	647	492
Deferred cash consideration for acquisition of associates*	533	911
Other current liabilities	676	668
	4,147	4,345

*Deferred cash and equity consideration for acquisition relates to the acquisitions and investments made by the subsidiaries. Please refer to note 31 for further information in relation to Business combinations.

Movements in other current liabilities

Movements in each significant category of other current liabilities during the financial year, other than the 'other current liabilities' (which pertains to client deposits and unearned revenue), are set out below:

	Dividend $'000	Deferred cash consideration for acquisition of subsidiaries* $'000	Deferred cash consideration for acquisition of associates $'000	Total $'000
Consolidated 2016				
Current				
At 1 July 2015	2,274	492	911	3,677
Acquisition of subsidiaries	–	419	–	419
(Gain)/loss on deferred consideration	–	(16)	(229)	(245)
Transferred from non-current liabilities	–	83	700	783
Arising during the year	9,130	–	–	9,130
Payment made/shares issued during the year	(9,113)	(331)	(849)	(10,293)
At 30 June 2016	**2,291**	**647**	**533**	**3,471**
Consolidated 2016				
Current 2016	2,291	647	533	3,471
Non-current 2016 (refer note 18(b))	–	654	82	736
	2,291	1,301	615	4,207
Consolidated 2015				
Current 2015	2,274	492	911	3,677
Non-current 2015 (refer note 18(b))	–	265	782	1,047
	2,274	757	1,693	4,724

*Includes business assets acquired by member firms.

(b) Other non-current liabilities

	2016 $'000	2015 $'000
Deferred cash consideration for acquisition of subsidiaries	**654**	265
Deferred cash consideration for acquisition of associates	**82**	782
Lease make good provision	**631**	688
	1,367	1,735

Movements in other non-current liabilities

Movements in each category of other non-current liabilities during the financial year, are set out below:

	Deferred cash consideration for acquisition of subsidiaries* $'000	Deferred cash consideration for acquisition of associates $'000	Lease make good provision $'000	Total $'000
Consolidated – 2016				
Non-current				
At 1 July 2015	265	782	688	1,735
Acquisition of subsidiary	472	–	156	628
Payment / adjustment during the year	–	–	(213)	(213)
Transferred to deferred cash consideration – current liabilities	(83)	(700)	–	(783)
At 30 June 2016	**654**	**82**	**631**	**1,367**

*Includes business assets acquired by member firms.

19 Provisions

(a) Current provisions

	2016 $'000	2015 $'000
Provision for cash bonus	**–**	120
Employee benefits – annual leave	**2,240**	2,122
Employee benefits – long service leave	**1,803**	1,634
	4,043	3,876

(b) Non-current provisions

	2016 $'000	2015 $'000
Employee benefits – long service leave	**1,770**	1,755
Other provisions	**530**	–
	2,300	1,755

20 Contributed equity

(a) Share capital

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Fully paid – ordinary shares (b)	**114,136,787**	113,711,933	**125,149**	124,748
Capital contribution	**–**	–	**1,968**	1,955
ASX listing cost	**–**	–	**(586)**	(586)
Issued capital held by loan funded share plan (LFSP) (d)	**–**	–	**(4,913)**	(4,528)
Loan funded share plan establishment costs	**–**	–	**(35)**	(35)
	114,136,787	113,711,933	**121,583**	121,554

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price $	$'000
1 July 2014	Opening balance	111,323,461		122,050
31 October 2014	Shares issued for part of consideration for acquisition of PEC Group	278,649	1.21	335
2 March 2015	Shares issued for loan funded share plan (LFSP) 2015	2,013,170	1.12	2,255
29 June 2015	Shares issued for employee share plan	96,653	1.11	108
30 June 2015	Closing balance	113,711,933		124,748
1 July 2015	Opening balance	113,711,933		124,748
22 December 2015	Shares issued for employee share plan	402,944	0.95	385
22 January 2016	Shares issued for employee loyalty share plan	21,910	0.74	16
30 June 2016	Closing balance	114,136,787		125,149

(c) 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.

(d) Employee share scheme

The Company has an equity scheme, under which an entitlement to loan funded shares are granted to certain employees (refer note 35).

(e) 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 $30m, with the Macquarie Bank, of which $25.5 million was drawn as at 30 June 2016. Future acquisitions and investments will be funded from existing and future cash flows as well as funds received under the Group's direct equity plan. Issuing new capital will also be considered. In the long term, the Company expects to maintain a dividend payout ratio of between 60% and 80%. 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 2016 are disclosed in note 24.

The Board of Directors have committed to issuing $1,000 of shares to full time employees with 12 months service of fully owned subsidiaries that meet performance targets each financial year (part time employees and part owned businesses in proportion).

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

21 Reserves

(a) Reserves

	2016 $'000	2015 $'000
Acquisition reserves	**(66,000)**	(68,127)
Share based payment reserve	**1,122**	637
Available-for-Sale (AFS) reserve	**–**	420
	(64,878)	(67,070)

(b) Movements in reserves

	2016 $'000	2015 $'000
Acquisition reserves		
At 1 July	**(68,127)**	(68,127)
Effect on reserves on account of DEP opted for by 3 subsidiaries	**2,127**	–
At 30 June	**(66,000)**	(68,127)
Share-based payment reserve		
At 1 July	**637**	294
Share-based payment for loan funded share plan	**282**	228
Application of dividends to loan funded share plan	**203**	115
At 30 June	**1,122**	637
Available-for-Sale reserve		
At 1 July	**420**	420
Transfer from AFS reserve to retained earnings on early adoption of AASB 9	**(420)**	–
At 30 June	**–**	420
Total reserves	**(64,878)**	(67,070)

(c) Asset realisation reserve

The asset realisation reserve records realised gains on sale of non-current assets.

(d) Nature and purpose of reserves

(i) 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.

(ii) Share-based payment reserve
The share-based payments reserve records the value of shares issued to 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.

(iii) Available-for-Sale reserve
Changes in the fair value arising on revaluation of investments that are classified as available-for-sale financial assets (eg equities), are recognised in other comprehensive Income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired. Pursuant to the adoption of AASB 9 this has been transferred directly to retained earnings at 1 July 2015.

22 Retained earnings/(accumulated losses)

	2016 $'000	2015 $'000
At 1 July	**(1,899)**	(2,824)
Net profit for the year	**13,392**	9,930
Transfers in*	**420**	–
Dividends paid and / or proposed	**(9,130)**	(9,005)
At 30 June	**2,783**	(1,899)

* Transfer from AFS reserve to retained earnings as a result of early adoption of AASB 9 – Financial Instruments.

23 Direct Equity Plan and Non-controlling interest

(a) Direct equity plan (DEP)

The DEP allows our member firms to buy back up to 40% equity in their business. We believe this will better align principals and senior managers to share directly in their own business and drive improved performance. During the year ended 30 June 2016, the following 3 firms adopted the DEP scheme and acquired the shares in their subsidiaries. Details of the transactions are as follows:

On 21 July 2015, the Company sold 40% (1,347,382 shares) in its Gold Coast subsidiary, the MBA Partnership to senior employees under the Group's Direct Equity Plan. Consideration was $1,967,178 received in cash on settlement.

On 7 August 2015, the Company sold 30% (694,002 shares) in its Melbourne subsidiary, Kidmans Partners to senior employees under the Group's Direct Equity Plan. Consideration was $1,117,343 received in cash on settlement. On 31 August 2015, the Company sold a further 10% (231,332 shares) in Kidmans Partners to the employees under the Group's Direct Equity Plan. Consideration was $372,445 received in cash on settlement.

On 31 August 2015, the Company sold 38.72% (1,921,052 shares) in its Brisbane subsidiary, Specialised Business Solutions to senior employees under the Group's Direct Equity Plan. Consideration was $1,460,000 received in cash on settlement.

The accounting effect of the share buy-back has been represented by recognising an amount for value of non-controlling interests to the extent of the share of net assets and adjusting the balance against acquisition reserves. The movements table for acquisition reserves is included below:

	2016 $'000	2015 $'000
Acquisition reserves:		
Opening balance	**(68,127)**	(68,127)
Effect on the reserves on account of DEP opted for by 3 subsidiaries	**2,127**	–
Closing balance	**(66,000)**	(68,127)

(b) Non-controlling interest

(i) Reconciliation of non-controlling interest in controlled entities

	2016 $'000	2015 $'000
Reconciliation of non-controlling interest in controlled entities		
At 1 July	**665**	290
Additional capital issued to/buy back from NCI during the year	**(289)**	530
Value attributed to non-controlling interest on implementation of direct equity plan for 3 subsidiaries	**2,790**	–
Share of operating profit	**588**	4
Dividends paid by subsidiaries to non-controlling interests	**(487)**	(159)
At 30 June	**3,267**	665

24 Dividends

(a) Dividends paid or proposed during the year on ordinary shares declared in current period

	2016 $'000	2015 $'000
Dividends paid during the year		
Interim dividend fully franked based on tax paid at 30%, ordinary dividend paid for the year ended 30 June 2016 of 6.0 cents (2015 – 6.0 cents) per share	**6,847**	6,731
Dividends proposed and recognised as liability		
Final dividend fully franked based on tax paid at 30%, ordinary dividend for the year ended 30 June 2016 of 2.0 cents (2015 – 2.0 cents) per share	**2,283**	2,274
Total dividends paid or provided for during the year	**9,130**	9,005

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

(b) Dividends proposed but not recognised at the end of the year

	2016 $'000	2015 $'000
Interim franked dividend based on tax paid at 30%, for the year ending 30 June 2017 of 2.0 cents (2016 – 2.0 cents) per share to be paid on 15 November 2016	**2,283**	2,274
	2,283	2,274

(c) Franking account balance

	2016 $'000	2015 $'000
The franking credits available for subsequent financial years at a tax rate of 30%	**1,393**	2,308

The above available balance is based on the dividend franking account as at year end of 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.

25 Key management personnel disclosures

(a) Directors

The following persons were Directors of Countplus Limited during the period:

(i) Chairman
Barry Lambert

(ii) Executive Directors
Phillip Aris (Managing Director and CEO)

Philip Rix

(iii) Non Executive Directors
Graeme Fowler

(b) Key management personnel compensation

	2016 $	2015 $
Short term employee benefits	**1,194,360**	1,405,328
Post-employment benefits	**96,413**	112,494
Long-term benefits	**20,290**	28,578
Termination benefits	**107,107**	–
Share-based payments	**11,382**	–
	1,429,552	1,546,400

Detailed remuneration disclosures are provided in the Remuneration Report.

(c) Shareholdings

The number of ordinary shares in Countplus Limited held during the financial year by each Director and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	2016	2015
Barry Lambert	**5,398,062**	5,398,062
Phil Aris	**80,143**	80,143
Phillip Rix	**1,044,252**	1,044,252
Graeme Fowler	**18,595**	18,595

(d) Other transactions with key management personnel

On 21 October 2013, Countplus Limited made a strategic investment of $2.15m (subscribing for 1 million shares representing 3.7% of total shares on issue) in Class Limited (formerly Class Pty Ltd), a technology business that owns the self-managed superannuation fund software administration platform, “Class”.

The Chairman of Countplus Limited, Barry Lambert is also the Chairman of Class Limited, appointed to that position in November 2008. Mr Lambert and his related parties hold 2,047,318 ordinary shares in Class Limited (1.75%).

As at 30 June 2016, Countplus Limited and some of its member firms hold 6,327,540 ordinary shares in Class Limited (5.42%). Mr Lambert does not participate or bear any kind of influence in decisions relating to investments in Class Limited.

There are no other transactions which involved key management personnel during the financial year 2016.

26 Remuneration of Auditors

	2016 $	2015 $
Grant Thornton		
Audit services		
Audit and review of financial reports	**295,500**	269,000
Total remuneration for audit and other services for Grant Thornton	**295,500**	269,000
Ernst & Young		
Audit services		
Fees for changing auditors	**–**	7,000
Total remuneration for Ernst & Young	**–**	7,000

27 Contingencies

Contingent liabilities

Guarantees
Guarantees given in respect of leases and premises amounted to $1,350,510 (2015: $896,682) for the Group. No material losses are anticipated in respect of this guarantees.

28 Commitments

(a) Capital commitments

The Group has no capital commitments as at 30 June 2016.

(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.

	2016 $'000	2015 $'000
Minimum lease payments under non-cancellable operating leases:		
Within one year	**4,022**	3,819
Between one and five years	**9,731**	9,190
Later than five years	**3,342**	88
	17,095	13,097

(ii) Finance leases

As at the reporting date, the Group has no finance lease liabilities (2015: $nil).

(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:

	2016 $'000	2015 $'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	**13**	2
Between one and five years	**40**	–
Minimum payments	**53**	2
Future finance charges	**(4)**	–
Total liabilities	**49**	2
Representing hire purchase liabilities:		
Current (note 17)	**11**	2
Non-current (note 17)	**38**	–
	49	2

(d) Remuneration commitments

	2016 $'000	2015 $'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, are payable:		
Within one year	**24**	938
Later than one year and not later than five years	**–**	822
	24	1,760

29 Related party transactions

(a) Parent entities

The parent entity within the Group is Countplus Limited.

Count Financial (Count) has an ownership interest in Countplus Limited of 35.87% as at 30 June 2016 (2015: 36.01%). Count is fully owned by the Commonwealth Bank of Australia.

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 30.

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 the remuneration report and note 25.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2016 $	2015 $
Sales of goods and services		
Net fees and commissions received from Count Financial	**15,478,705**	15,342,322

Fifteen of the twenty subsidiaries (after disposal of Change Accountants in June 2016) of the Group were franchisees of Count during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count for the provision of financial planning services are either paid by Count to these subsidiaries or paid by investment platform operators who are authorised by Count to pay directly to these subsidiaries. Included in the net fees and commission received from Count is income received by Countplus Limited under a 'Relationship Deed' agreement.

Countplus Limited entered into a 'Relationship Deed' agreement with Count on 4 November 2010. Count 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 $1,176,113, (2015: $1,906,935) from Count in accordance with the terms set out in the Relationship Deed. On 22 December 2015, an amendment to the 'Relationship Deed' was signed. The purpose of this amendment was to clarify and ensure compliance with the FOFA provisions set out in the Corporations Act.

	2016 $	2015 $
Other transactions		
Service fee – Count Financial	–	83,330
	–	83,330
Premises expenses [1]		
Bakery Mews Property Trust [2]	–	55,648
Bartonwood Pty Ltd [3]	–	87,363
Catalyst Finance Pty Ltd [4]	**193,826**	190,962
The Southport Unit Trust [5]	**233,037**	241,757
Rosebead Pty Ltd [6]	**57,953**	54,198
Brinfields Superannuation Fund [7]	**68,277**	66,827
Mark & Bronwyn Kenmir Superannuation Fund [8]	**25,035**	13,261
Bronwyn Kenmir [9]	**40,530**	36,955
ASCA Nominees Pty Ltd [10]	**74,219**	73,880
	692,877	820,851

1. Premises expenses with related parties are set and maintained at commercial rates, with reviews carried out per the terms of standard contracts.
2. Bakery Mews Property Trust is an unlisted entity and owns offices used by our subsidiary Countplus One Pty Ltd. Peak Financial Group Pty Ltd is trustee of Nicholson SMSF (owned by former employee of Countplus One Pty Ltd, Peter Nicholson and his wife) which owns 100% of Bakery Mews Unit Trust (owns offices) whose trustee is Barniwar Nominees Pty Ltd. Peter Nicholson retired as a principal on 17 July 2015 and is no longer a related party.
3. 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 is no longer a related party as at 30 June 2016.
4. 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 subsidiary of the parent entity.
5. 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 subsidiary of the parent entity.
6. 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.
7. Brinfields Superannuation Fund is the 80% building owner which is the SMSF of principal of our subsidiary 360 Financial Advantage Pty Ltd, Jonathan Ritchie and Wendy Ritchie. The SMSF also owns 100% of the issued units in a Trust which owns the other 20%.
8. The Mark and Bronwyn Kenmir Superannuation Fund is the SMSF of Mr Mark Kenmir, the principal of Cooma Accounting and Financial Services.
9. Ms Bronwyn Kenmir is wife of Mr Mark Kenmir, the principal of subsidiary, Cooma Accounting and Financial Services Pty Ltd.
10. ASCA Nominees Pty Ltd is an unlisted entity and owns the office used by subsidiary, Pacific East Coast Pty Ltd. Mr Alan Severino, a principal of the same subsidiary is one of the fifteen unit holders of the entity.

(e) Outstanding balances arising from transactions with related parties

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

	2016 $	2015 $
Current receivables		
– Receivable from Count Financial Limited	**308,221**	668,998
Current payables		
– Payable to Count Financial Limited	**283,330**	283,330

Current receivables

The above current receivable consists of rebate receivable of $308,221 (2015: $668,998). These are included in 'Trade and other receivables' in the statement of financial position.

Current payables

The above current payable was on account of the fee payable by the parent to Count under a service agreement. Countplus (Parent) entered into a service agreement with Count in November 2010 under which Count provided services to the parent including shared office space, furniture, computer hardware and software, IT services and support. It was included in current 'Trade and other payables' in note 16. The parent moved its offices in December 2014 and hence the service fees have since ceased.

30 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 39(b):

Name of entity	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2016	Percentage Owned (%)* 2015
1 The MBA Partnership Pty Ltd*	Australia	**60.0**	100.0
• Digital 02 Pty Ltd (formerly 888 Corporate Pty Ltd)**	Australia	**100.0**	100.0
• MBA FS (Rawsons) Pty Ltd**	Australia	**70.0**	70.0
• The MBA Partnership (NSW) Pty Ltd**	Australia	**51.0**	–
2 Twomeys Pty Ltd (formerly HMA Twomeys Pty Ltd)*	Australia	**100.0**	100.0
• Countplus National Audits	Australia	**100.0**	100.0
3 Bentleys (WA) Pty Ltd*	Australia	**100.0**	100.0
4 Addvantage Accountants (formerly Beames & Associates Accounting and Financial Services Pty Ltd)*	Australia	**100.0**	87.5
• Cooma Accounting and Financial Services Pty Ltd	Australia	**100.0**	87.5
5 Specialised Business Solutions Pty Ltd*	Australia	**61.3**	100.0
6 Mogg Osborne Pty Ltd*	Australia	**100.0**	100.0
7 Crosby Dalwood Pty Ltd*	Australia	**100.0**	100.0
8 Cooper Reeves Pty Ltd*	Australia	**100.0**	100.0
9 Countplus One Pty Ltd (formerly Countplus MBT Pty Ltd)*	Australia	**100.0**	100.0
10 Evolution Advisers Pty Ltd*	Australia	**100.0**	100.0
11 Robson Partners Pty Ltd*	Australia	**100.0**	100.0
12 Achieve Corporation Pty Ltd*	Australia	**100.0**	100.0
13 Kidmans Partners Pty Ltd*	Australia	**60.0**	100.0
14 360 Financial Advantage Pty Ltd (formerly 360 Financial Vision Pty Ltd)	Australia	**100.0**	100.0
15 Wearne & Co Pty Ltd*	Australia	**100.0**	100.0
16 Cartwright Brown & Company Financial Planning Pty Ltd*	Australia	**75.0**	75.0
17 Countplus FS Holdings Pty Ltd (TFS Group)*	Australia	**100.0**	100.0
• Total Financial Solutions Australia Ltd	Australia	**100.0**	100.0
• TFS Operations Pty Limited	Australia	**100.0**	100.0
• TFS Advice Pty Limited	Australia	**100.0**	100.0
18 Change Accountants & Advisors Pty Ltd^	Australia	**–**	100.0
• ChangeGPS Pty Ltd (formerly Count GPS Pty Ltd)^	Australia	**–**	100.0
19 Kidmans PEC Pty Ltd (PEC Group)*	Australia	**100.0**	100.0
• Pacific East Coast Pty Ltd	Australia	**100.0**	100.0
• Property Investment Management Ltd	Australia	**100.0**	100.0
• Pacific East Coast Securities Ltd	Australia	**100.0**	100.0
• Pacific East Coast Accounting Pty Ltd	Australia	**100.0**	100.0
• Pacific East Coast Real Estate Pty Ltd	Australia	**100.0**	100.0
• Pacific East Coast Queensland Pty Ltd	Australia	**100.0**	100.0
• Pacific East Coast ACT Real Estate Pty Ltd	Australia	**100.0**	100.0
• Pacific East Coast WA Pty Ltd	Australia	**100.0**	100.0
20 BLUE789 Pty Ltd	Australia	**100.0**	100.0
21 ADVICE389 Pty Ltd	Australia	**100.0**	100.0

* These subsidiaries (member firm Groups) are separate cash generating units.
• These entities are consolidated into the respective cash generating units (CGUs) identified above.
The class of shares acquired for all the subsidiaries is ordinary shares.
^ Change Accountants and its subsidiaries deconsolidated in June 2016. Refer to note 30(d) for further details.
** Percentage ownership by MBA Partnership in its subsidiaries. Countplus Limited currently owns 60% of the MBA Group.

(a) Significant restrictions relating to subsidiaries

There are no statutory, contractual or regulatory restrictions on any of the subsidiary's ability to access or transfer or use its assets and settle the liabilities of the Group.

There are no guarantees given or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to (or from) other entities within the Group.

(b) Consolidated structured entities

The Company or the Group does not have any consolidated structured entities other than the ones which are consolidated in these financial statements and listed as subsidiaries above.

(c) Disposal of a subsidiary that results in loss of control

On 2 June 2016, the parent entity disposed of its 100% interest in Change Accountants. The actual control was lost on 31 May 2016 and the transaction was settled on 2 June 2016.

An accounting profit of $1,290,000 was attributable to members of the parent from the disposal and is recorded in the other income line in the consolidated statement of profit or loss and other comprehensive income.

(d) Disposal of a subsidiary – carrying amount of net assets

The carrying amount of the net assets of Change Accountants at the date of disposal were:

	Change Accountants $'000
Cash and cash equivalents	199
Receivables	458
Current tax receivables	240
Total current assets	897
Property, plant and equipment	54
Intangible assets	288
Investments	35
Deferred tax assets (net)	87
Total non-current assets	464
Trade payables	(252)
Provisions	(168)
Interest bearing loans and borrowings	(60)
Total current liabilities	(480)
Provisions	(71)
Working capital loan	(1,043)
Total non-current liabilities	(1,114)
Net liabilities	(233)
Total consideration	
– Received in cash / deferred consideration	1,057
– Net liabilities	233
Accounting gain on disposal of subsidiary	1,290

31 Business Combinations

(a) Current period

Summary of acquisitions

In August 2015, Countplus subsidiary Bentleys (WA) Pty Ltd acquired the business assets of Perth based company Australian Superannuation and Compliance (ASC). Consideration for the purchase was $498,368. Purchase consideration was paid in cash on settlement.

In October 2015, Countplus subsidiary The MBA Partnership Pty Ltd acquired the business assets of Queensland based accounting and financial firm, HWC Accountants Pty Ltd (HWC). Consideration for the purchase was $1,990,975 including an estimated deferred component of $450,000. An amount of $1,540,975 was paid in cash on settlement and the remaining purchase consideration is to be settled in 2 deferred payments.

In January 2016, Countplus subsidiary, The MBA Partnership Pty Ltd acquired 51% of the assets of NSW based firm, Cummings West via its newly established subsidiary, The MBA Partnership (NSW) Pty Ltd. Consideration for the purchase was $377,400, satisfied through a cash consideration on settlement.

In March 2016, Countplus subsidiary, Robson Partners Pty Ltd acquired the business assets of NSW based accounting firm, Hypertax Pty Ltd (HyperTax). Consideration for the purchase was $445,000 including an estimated deferred component of $220,000. An amount of $225,000 was paid in cash on settlement, with the remaining purchase consideration is to be settled in 2 deferred payments.

In June 2016, Countplus subsidiary Kidmans Partners Pty Ltd acquired 100% of the business assets of Robert Jan & Associates. A cash consideration of $500,000 was paid on settlement with the remaining expected balance of $125,000 to be settled in 2 deferred payments.

	HWC Fair value $'000	ASC Fair value $'000	Cummings West Fair value $'000	Robert Jan Fair Value $'000	HyperTax Fair value $'000
Contribution since acquisition					
Gross revenue	571	709	475	–	121
Net profit	222	101	107	–	14
Assets and liabilities acquired					
Acquired Client Relationships	758	455	–	–	327
Total assets	758	455	–	–	327
Provisions	–	(46)	–	–	–
Deferred tax liabilities	(227)	(137)	–	–	(98)
Total Liabilities	(227)	(183)	–	–	(98)
Fair value of identifiable net assets	531	272	–	–	229
Goodwill arising on acquisition	1,361	227	377	625	216
Acquisition date fair value	1,892	499	377	625	445
Cash paid	1,442	499	377	500	225
Deferred cash consideration*	450	–	–	125	220
Total Consideration	1,892	499	377	625	445

*Refer to note 40(e).

At reporting date, the Company has not yet completed the purchase price accounting for the acquisitions of Cummings West and Robert Jan. The fair value of assets and liabilities acquired in these business combinations has been provisionally determined based on available information 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.

(b) Contribution of entities acquired during the period

The above listed acquisitions made during financial year 2016 contributed gross revenue and net profit of $1,875,924 and $444,496 respectively, to the Consolidated Profit or Loss and Statement of Other Comprehensive Income. Had the acquisitions occurred at the beginning of the reporting period, the Consolidated Profit or Loss and Statement of Other Comprehensive Income would have included gross revenue and net profit of approximately $3,720,918 and $690,174 respectively.

(c) After the reporting period

Business combinations completed after the end of the reporting period are detailed in note 32. 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.

32 Events occurring after the reporting date

On 1 July 2016, Melbourne subsidiary Kidmans Partners Pty Ltd acquired the business assets of accounting firm, McPherson Financial Solutions based in Mulgrave, Victoria. Cash payments totaling $466,400 were paid on or before settlement, with the remaining purchase consideration of $116,600 to be settled in 2 deferred payments, subject to performance targets.

On 1 July 2016, Melbourne subsidiary Pacific East Coast (PEC) acquired the remaining 50% of Home Port Property Group Unit Trust (Home Port). Previously, Home Port was 50% owned by PEC and for a cash payment of $136,737 PEC acquired the remaining 50% of Home Port.

On 17 August 2016, Countplus sold 500,000 Class Limited shares for $3.45 per share for a consideration of $1,715,000 (after transaction costs), settlement date 19 August 2016.

Countplus sold a further 500,000 Class Limited shares between 25 August 2016 and 6 September 2016 for an average price of $3.55 per share. The total consideration after transaction cost was $1,765,256.

On 25 August 2016, Countplus announced that two new Non-Executive Directors, Alison Ledger and Matthew Rowe, will be appointed to the Countplus Board effective 1 October 2016. On the same day, Philip Rix, Executive Director and Principal of member firm Bentleys (WA) has announced that he will not stand for re-election at the AGM and will stand down then. Countplus Chairman, Barry Lambert, has indicated his intention to retire at or before the 2017 AGM.

On 25 August 2016, Countplus declared an interim dividend for 2016/17 of 2.0 cents per share payable on 15 November 2016 (record date: 27 October 2016).

The financial report was authorised for issue on 22 September 2016 by the board of directors.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect:
(a) the Group's operations in future financial years, or consolidated entity;
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs consolidated entity in future financial years.

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

	2016 $'000	2015 $'000
Net profit from operations after income tax for the year	13,980	9,934
Non-cash items in profit:		
Depreciation and amortisation	3,621	3,979
Share based payments	298	335
Bad debt (written off) / provision for impairment of receivables	(816)	333
(Gain) on deferred consideration	(245)	(178)
Share of associates' net profits	(1,111)	(893)
(Gain) on disposal of CRH shares	–	(172)
(Gain) on revaluation of sign	–	(1,704)
Net loss on disposal of assets	304	44
Write-offs and impairment of non-current assets	3,594	138
(Gain) on revaluation of make good	–	(99)
(Gain) on revaluation of Class Limited shares	(16,294)	–
Changes in operating assets and liabilities		
Decrease in trade and other receivables	1,839	751
(Increase)/Decrease in work in progress	(5)	421
Increase in trade and other payables	710	630
Increase/(Decrease) in income taxes payable	514	(1,027)
Increase/(Decrease) in net deferred taxes liabilities	3,758	(944)
Increase in employee and other provisions	136	40
Net cash inflow from operating activities	10,283	11,588

34 Earnings per Share

(a) Earnings per share

	2016 Cents	2015 Cents
Basic earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	12.13	9.01
Diluted earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	12.13	9.01

(b) Reconciliation of earnings to profit or loss from continuing operations

	2016 $'000	2015 $'000
Profit from continuing operations	13,980	9,934
Profit attributable to non-controlling equity interest in respect of continuing operations	(588)	(4)
Earnings used to calculate basic and diluted EPS from continuing operations	13,392	9,930

(c) Earnings used to calculate overall earnings per share

	2016 $'000	2015 $'000
Profit attributable to the ordinary owners of the Company used in calculating basic and diluted EPS	13,392	9,930

(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2016 No.	2015 No.
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	110,386,842	110,197,581
Loan funded share plan	239	11,811
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	110,387,081	110,209,392

35 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 parent or 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 39(w)). 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.

A summary of the Company shares issued up to the year ended 30 June 2016 are as follow:

Description	Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
LFSP 2013	15 January, 2013	14 January, 2016	1.50	486,889	–	–	–	486,889	486,889
LFSP 2014	15 January, 2014	14 January, 2017	1.87	825,032	–	–	–	825,032	–
LFSP 2015	2 March, 2015	1 March, 2018	1.12	2,013,170	–	–	–	2,013,170	–
LFSP 2016	21 December, 2015	20 December, 2018	0.95	–	402,944	–	–	402,944	–

(b) Weighted average fair value of LFSP granted

The weighted average fair value of the various LFSPs granted were calculated by using a binomial model applying the following inputs:

Description	LFSP 2013	LFSP 2014	LFSP 2015	LFSP 2016
Grant date:	15 January 2013	15 January 2014	2 March 2015	21 December 2015
Expiry date:	14 January 2016	14 January 2017	1 March 2018	20 December 2018
Valuation at grant date ($):	0.59	0.46	0.27	0.15
Exercise price ($):	1.50	1.87	1.12	0.95
Expected life of the LFSP (years):	5	5	5	5
Dividend yield:	0%	0%	0%	0%
Expected share price volatility:	40.00%	20.00%	22.52%	20.78%
Vesting probability:	100.00%	80.00%	80.00%	80.00%
Risk-free interest rate:	2.96%	3.47%	1.96%	2.24%
Fair value at grant date ($):	0.59	0.37	0.21	0.12

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 2013 was $48,364 (2015: $77,517) and the remaining contractual life for the shares issued in the plan is 1.5 years.

The share based payment expense associated with the LFSP 2014 was $101,367 (2015: $101,091) and the remaining contractual life for the shares issued in the plan is 2.5 years.

The share based payment expense associated with the LFSP 2015 was $136,469 (2015: $48,800) and the remaining contractual life for the shares issued in the plan is 3.67 years. The calculations were updated as some of the employees who discontinued their employment (with the respective subsidiaries) breached the vesting conditions and became ineligible to receive the shares under LFSP 2015. They had to be fully excluded so the amounts had to be recalculated. The amount charged to the income statement on account of share based payment expenses for FY 2016 is the adjusted balancing amount to arrive at the correct cumulative balance as at 30 June 2016.

The share based payment associated with LSFP 2016 was $11,382 (2015: Nil) and the remaining contractual life of the shares issued in the plan is 3 years.

The life of the LFSP is based on the expected exercise patterns, which may not eventuate in the future.

(c) Employee loyalty equity plan

On 27 June 2016, 21,910 shares (2015: 96,653 shares) were issued to 17 employees (2015: 117 employees) at an issue price of $0.74 per share (2015: $1.11 per share). Shares were granted to employees of subsidiaries that met performance targets for the 2015 financial year. The share based payment expense associated with this issue was $16,268 (2015: $107,285).

(d) Shares issued to CEO and CFO

On 21 December 2015, Countplus CEO Phil Aris was granted 371,165 (valued at $354,166) loan funded shares following shareholder approval at the November 2015 Annual General Meeting under the long term incentive payment component of his remuneration. 69,168 Loan funded shares, of which 37,389 shares were already held by the trust, (valued at $66,000) were also issued to Countplus CFO, John Collier on 21 December 2015. These shares were issued at $0.9542 per share.

36 Financial Risk Management

The Group's principal financial assets and liabilities, which arise directly from its operations, comprise of cash and cash equivalents, trade and other receivables, work in progress, investment in associates, interest bearing loans and borrowings, trade and other payables. The Group also holds Other Investments (classified as fair value through profit & loss). The main purpose of the financial assets is to generate a short or long term return on surplus cash and capital of the Group. The main purpose of the financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The main risks arising from the Group's financial instruments (financial assets and liabilities) are market risk (including price risk and interest rate risk), liquidity risk and credit risk. The Group has not entered into any derivative contracts as means to hedge against these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

(i) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as 'Other investments and financial assets – listed equity securities held at fair value through profit and loss (FVTPL) financial assets'. These consist of investments in shares of Class Limited (Formerly Super IP Pty Ltd). Our holding in Class Limited are valued at its share price listed on ASX on 30 June 2016. The Group's Other Investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Group manages the risk through monitoring the price of the investments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At reporting date, the exposure to Other investments at fair value was $20,881,000 (2015: $3,638,000). A decrease of 10% in observable market price would reduce the after tax profit by $1,462,000 (2015: reduce AFS reserve by $255,000 as classified as Available-for-sale in prior year). An increase of 10% in the observable market price would increase the after tax profit by $1,462,000 (2015: increase the AFS reserve by $255,000).

(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. In May 2015, Countplus entered into a variable rate, 3 year interest only, revolving line of credit facility with a limit of $30m. The bill rate is variable and is based on the indicative Bank Bill Swap (BBSW) Reference Rates published in Australian Financial Review plus a margin. As at reporting date, $4,457,000 of the facility remains undrawn. This facility is with the Macquarie Bank. The Group has not entered into any hedging or other 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 2016, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2016 $'000	2015 $'000
Change in profit		
+2% (200 basis points)	**(258)**	(324)
-1% (100 basis points)	**129**	162

(b) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its investing and financing activities (primarily, investment in associates, other investments and guarantees held by financial institutions, as disclosed in notes 15, 10 and 27 respectively).

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 counterparty, 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. The Group strictly observes its provision policy.

Investments in associates and Other Investments are undertaken only with approved counterparties after the due diligence process. The investment decisions are reviewed at a high level by Group's acquisition committee. The Group's maximum exposure to credit risk is the carrying amount of these investments, as indicated in the consolidated statement of financial position.

(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:

	2016 $'000	2015 $'000
Floating rate		
Expiring within one year	–	–
Expiring beyond one year	4,457	3,630
Total	4,457	3,630

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 6 months		1 Year or less		Between 1 and 5 Years		More than 5 Years		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial Liabilities:										
Trade and other payables	(10,227)	(9,824)	(618)	(843)	(1,652)	(1,109)	–	–	(12,497)	(11,776)
Borrowings	–	(4)	(19)	–	(25,603)	(26,370)	–	–	(25,622)	(26,374)
Provision for cash bonus	–	(120)	–	–	–	–	–	–	–	(120)
Other liabilities										
Provision for dividend	(2,291)	(2,274)	–	–	–	–	–	–	(2,291)	(2,274)
Deferred cash consideration	(948)	(1,112)	(232)	(291)	(736)	(1,047)	–	–	(1,916)	(2,450)
Other current liabilities	(676)	(668)	–	–	–	–	–	–	(676)	(668)
Total Financial Liabilities	(14,142)	(14,002)	(869)	(1,134)	(27,991)	(28,526)	–	–	(43,002)	(43,662)

37 Fair Value Measurement

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.

	Level 1 $'000	Level 2 $'000	Level 3 '000	Total $'000
2016				
Financial assets				
Other Investments – FVTPL*	20,881	–	–	20,881
	20,881	–	–	20,881
Financial liabilities				
Deferred cash consideration	–	–	(1,916)	(1,916)
Deferred equity consideration	–	–	–	–
	–	–	(1,916)	(1,916)
Total	20,881	–	(1,916)	18,965

*Investments in shares of Class Limited of $3,637,838 were reclassified from available-for-sale to financial assets at fair value through profit or loss as at 1 July 2015. Related fair value gains from prior year of $420,000 were transferred from the available-for-sale financial assets reserve to retained earnings on 1 July 2015. In the 2016 financial year, fair value gains related to these investments amounting to $16,293,863 were recognised in profit or loss. If it had not been reclassified then the AFS reserve balance would have increased from $420,000 to $11,825,704 (net of tax effect).

	Level 1 $'000	Level 2 $'000	Level 3 '000	Total $'000
2015				
Financial assets				
Other investments (refer note 10)	–	3,638	–	3,638
Investment property	2,954	–	–	2,954
	2,954	3,638	–	6,592
Financial liabilities				
Deferred cash consideration	–	–	(2,450)	(2,450)
Deferred equity consideration	–	–	–	–
	–	–	(2,450)	(2,450)
Total	**2,954**	**3,638**	**(2,450)**	**4,142**

The fair value of the financial assets and liabilities represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

Fair value of available for sale assets is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred on 30 June 2016, excluding new issue of shares. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

Fair value of deferred cash consideration is derived from management expectations of the performance of the acquired businesses and assets.

Fair value of deferred equity consideration is derived from management expectations of the performance of the acquired businesses and assets.

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 assets and entities. Reasonably possible changes in assumptions will not change fair value significantly, with the exception of:

- If the FY 2017 operating profit for HWC Accountants declines by 10% compared to the current forecast, a reduction of $200,000 in deferred consideration would result.
- If the FY 2017 operating profit for HWC Accountants increases by 10% compared to the current forecast, an increase of $123,000 in deferred consideration would result.
- If the FY 2017 accounting fees and EBIT for Harmon Partners declines by 10% compared to the current forecast, a reduction of $154,282 in deferred consideration would result.
- If the FY 2017 accounting fees and EBIT for Harmon Partners increases by 10% compared to the current forecast, an increase of $242,426 in deferred consideration would result.

The maximum potential payment for deferred consideration is $2,460,000 (2015: $3,071,000).

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 other investments and deferred consideration.

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2016 $'000
Balance at beginning of year	(2,450)
Total gains or losses for the year	
Gain/(loss) on deferred consideration recognised in profit or loss	245
Other movements	
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during the year	(891)
Shares issued for settling deferred equity consideration	–
Cash paid for settlement of deferred cash consideration	1,180
Balance at end of year	(1,916)

38 Parent entity

(a) Summary financial information

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

	2016 $'000	2015 $'000
Consolidated Statement of Financial Position		
Net assets		
Current assets	2,399	6,664
Non-current assets	136,102	125,102
Total Assets	138,501	131,766
Current liabilities	(3,186)	(5,958)
Non-current liabilities	(30,388)	(26,441)
Total Liabilities	(33,574)	(32,399)
	104,927	99,367
Equity		
Contributed equity	126,482	126,081
Reserves		
Available-for-sale reserve	–	420
Share based payment reserve	1,121	637
(Accumulated losses)/Retained earnings	(22,676)	(27,771)
	104,927	99,367
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Profit or Loss for the year	13,804	9,500
Other Comprehensive Income	–	–
Total Comprehensive Income	13,804	9,500

(b) Guarantees entered into by 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 2016 or 30 June 2015.

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

The parent entity did not have any commitments as at 30 June 2016 or 30 June 2015.

39 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/Consolidated entity consisting of Countplus Limited and its subsidiaries.

(a) Basis of preparation

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Countplus Limited is a for-profit entity for the purpose of preparing the financial statements.

Both the functional and presentation currency of Countplus Limited and its subsidiaries is Australian dollars (A$) and the financial report is presented in Australian dollars (A$). In accordance with ASIC corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

(i) Compliance with IFRS

These Consolidated financial statements of the Countplus Limited Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

(ii) Accounting standards and interpretations issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Consolidated entity has decided against early adoption of these standards. Set out below is a summary of future requirements, and their impact on the Consolidated entity:

AASB 15 *Revenue from Contracts with customers* – AASB 15 addresses the recognition, measurement and disclosure of revenue, replacing AASB 118 covering *contracts for goods and services* and AASB 111 which covers *Construction contracts*. The standard is not applicable until 1 January 2018 but is available for early adoption. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards.

The Group's preliminary assessment suggests that when this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16 *Leases* (replaces AASB 117) was issued in February 2016. AASB 16 requires all leases (including finance and operating leases) to be accounted for 'on balance' sheet by lessees, other than short-term and low value leases. AASB 16 provides new guidance on the application of the definition of lease and on sale and lease back accounting. AASB 16 largely retains the existing lessor accounting requirements in AASB 117 and requires new and different disclosures about leases and is applicable to annual reporting periods beginning on or after 1 January 2019 (i.e. the Group's 30 June 2020 year end). Management have yet to undertake a detailed assessment of the impact of AASB 16, however based on the Company's preliminary assessment the likely impact on first time adoption of this Standard for 30 June 2020 includes an increase in lease assets and financial liabilities recognised on the balance sheet.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iii) New and amended standards adopted by the Group

During the current year, the following standards became mandatory and have been adopted retrospectively by the Consolidated entity, unless otherwise stated.

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below:

AASB 9: *Financial Instruments*: Countplus Limited has early adopted and prospectively applied all the requirements of AASB 9 *Financial Instruments* (December 2014), including consequential amendments to other standards, on 1 July 2015. The adoption of AASB 9 results in the following key changes to Countplus Limited's financial statements:

(i) Reclassification of Investment in shares of Class Limited from 'Available-for-sale' to 'Fair value through profit and loss'. At June 2015, the adjustment in fair value of $420,000 was posted through 'Other comprehensive income' by creating 'Available-for-sale reserve'. Pursuant to adoption of AASB 9, this has been transferred directly to retained earnings at 1 July 2015.

(ii) The fair value adjustment of $16,294,000 (pre-tax) due to change in the value of shares in Class Limited has been recognised directly in the profit and loss account under 'Other income'. This has been based on the closing price listed on ASX as at 30 June 2016.

None of any other new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Critical accounting estimates and judgements

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 40.

(v) Historical cost convention

The consolidated financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of certain financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(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 does not 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 2016 and the results of all subsidiaries for the year then ended. Countplus Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated entity.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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 39(h)).

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 statement of profit or loss 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. 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 15).

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 consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

(ii) Transaction 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 statement of profit or loss, 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.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated, then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the Consolidated entity is entitled to it.

(e) Finance costs

Finance cost includes all interest related expenses, other than those arising from financial assets at fair value through profit or loss.

(f) 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, 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. They would exit the tax consolidation group once they are less than 100% 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*.

(g) 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 Consolidated entity, 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.

(h) 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.

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.

(i) 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.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand 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.

(k) 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.

(l) 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 has a Group policy for provision for write-off of Work in Progress (implemented first 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.

(m) 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 price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. 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 and 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) Financial liabilities

The Group's financial liabilities include trade and other payables, loans and borrowings, provision for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Non-derivative financial liabilities (excluding financial guarantees and deferred consideration liabilities) 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.

(n) Fair value measurement

The Group measures financial assets and financial liabilities at fair value at each balance sheet date. Reconciliation of the fair value of financial assets and financial liabilities are disclosed in note 37.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(o) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any 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 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	15% – 20%
Office equipment	4% – 67%
Furniture, fixtures and fittings	8% – 37%
Make good	Over the estimated life of the lease
Motor vehicle	9%

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.

Land and buildings

Land and buildings are measured using the revaluation model.

(p) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investment property is held to generate long-term rental yields and capital growth. Investment property is initially measured at cost. Subsequent to initial recognition, investment properties are stated at lower of carrying amount and fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

(q) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Assets classified as held for sale and any associated liabilities are presented separately in the consolidated statement of financial position.

(r) 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 is 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, is allocated to cash generating units 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 14.

(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. IT software is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

(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 similar assets or investments 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 only where project will deliver future economic benefits and these benefits can be measured reliably.

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.

(v) Brands

Brands are recognised at cost of acquisition. Brands are considered to have indefinite useful lives and are not amortised on annual basis. They are tested for impairment at least annually and whenever there is an indication that the carrying value of the Brands may be impaired.

(vi) Other intangible assets

Other intangible assets acquired are recognised at cost at acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised over the useful economic life and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those assets. 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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. All short-term employee benefit obligations are presented as payables and as provisions.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave are not expected to be settled wholly 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 of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(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”). For further details, refer to note 35.

The plan to provide these benefits is known as the Employee tax-exempt “loyalty” share plan (Employee loyalty equity 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 including the 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. For further details, refer to note 35.

(x) 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 purchase consideration.

(y) 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 34).

(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.

(z) 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.

(aa) 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.

(ab) Parent entity financial information

The financial information for the parent entity, Countplus Limited, disclosed in note 38 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 standalone 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 2015 financial year, Countplus entered into a variable rate, 3 year interest only, bill facility with a total facility limit of $30m with the Macquarie Bank. Interest is calculated at the aggregate of the Macquarie Bank Bill Rate (the "Rate") plus a margin. The Rate is a variable rate which moves in line with general interest rates from time to time. The Rate is determined with reference to the Bank Bill Swap (BBSW) Reference Rates published in the Australian Financial Review plus a margin. Interest will accrue on outstanding balance from day to day and be computed on a daily basis.

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. A charge also exists over the shares held by Countplus in subsidiaries who have participated in the Direct Equity Plan.

(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.

40 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 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:

(a) Impairment

At each reporting date, the Group reviews the recoverable amount 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 CGU by determining the value in use of each individual CGU.

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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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 35.

(g) Deferred taxes

The Consolidated entity is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the Consolidated entity requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

41 Accounting policies applied from 1 July 2015

As explained in Note 39(a)(iii) above, the company has early adopted AASB 9, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. This new policy applies to the current period beginning 1 July 2015. Whilst the comparative period was not re-stated and the policy in the annual financial statements for the year ending 30 June 2015 was applied, in accordance with AASB9 (7.2.15).

The accounting policies were changed to comply with AASB 9 as issued by the AASB in December 2014. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments: impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as AASB 7 Financial instruments disclosures.

The total impact on the company's retained earnings due to classification and measurement of financial instruments is as follows:

	2016
	$'000
Closing retained earnings 30 June 2016	2,783
Adjustment to retained earnings from adoption of AASB 9	(420)
Closing retained earnings 30 June 2016 AASB 139	2,363

Directors' Declaration

1. In the opinion of the Directors of Countplus Limited:
   a. The consolidated financial statements and notes of Countplus Limited are in accordance with the *Corporations Act 2001*, including:
      i Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date: and
      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and;
   b. There are reasonable grounds to believe that Countplus Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.
3. Note 39 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors.

Barry Lambert
Chairman
Sydney
22 September 2016

Independent Auditor's Report to the Members of Countplus Limited

Grant Thornton

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Sydney NSW 2000

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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 (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of 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 2016 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the remuneration report

We have audited the remuneration report included in pages 19 to 23 of the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Countplus Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 22 September 2016

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 12 September 2016 are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	458	287,489
1,001 – 5,000	925	2,621,106
5,001 – 10,000	471	3,806,355
10,001 – 100,000	770	23,885,313
100,001 – and over	112	83,536,524
Total	2,736	114,136,787

Holding less than a marketable parcel – 216 holders.

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 12 September 2016 are:

		Listed Ordinary Shares – Fully Paid	
		Number	Percentage
1.	COUNT FINANCIAL LIMITED	40,945,747	35.87%
2.	MR BARRY MARTIN LAMBERT	4,064,729	3.56%
3.	PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE TST A/C>	3,728,035	3.27%
4.	SANTOS L HELPER PTY LTD <SBS VAN PAASSEN A/C>	2,100,000	1.84%
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,346,010	1.18%
6.	JOY WILMA LILLIAN LAMBERT	1,333,333	1.17%
7.	HARMIT PTY LTD <THE HARMIT FAMILY A/C>	1,044,252	0.91%
8.	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	1,000,000	0.88%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	956,214	0.84%
10.	HARVEY INVESTMENT COMPANY PTY LTD <SEASTAR INVESTMENT A/C>	835,561	0.73%
11.	MR MICHAEL ALLAN BEDDOES <BEDDOES PRACTICE A/C>	800,000	0.70%
12.	GLENROYD INVESTMENTS PTY LTD <GLENROYD A/C>	696,798	0.61%
13.	NWA SERVICES PTY LTD <SHERWOOD A/C>	696,167	0.61%
14.	CITICORP NOMINEES PTY LIMITED	657,106	0.58%
15.	MR JONATHAN MARK RITCHIE + MRS WENDY JANE RITCHIE <BRINFIELDS SUPER FUND A/C>	622,893	0.55%
16.	BRINFIELDS PTY LTD <BRINFIELDS A/C>	601,635	0.53%
17.	MR JOSEPH ZANCA + MRS SZERENKE ZANCA <ZANACORP SUPER FUND A/C>	592,500	0.52%
18.	MR JOHN WILLIAM OFFICER + MRS JENNIFER CATHERINE OFFICER <OFFICER SUPER FUND A/C>	535,199	0.47%
19.	SUPERGENERATION PTY LTD <SUPERGENERATION A/C>	533,600	0.47%
20.	ROBSON INVESTMENT HOLDINGS PTY LTD <ROBSON SUPER FUND A/C>	509,491	0.45%
Totals: Top 20 holders of ISSUED CAPITAL (TOTAL)		**63,599,270**	**55.72%**

(c) Substantial Shareholders

As at 12 September 2016, the substantial shareholder is:

	Listed Ordinary Shares – Fully Paid	
Ordinary shareholders	Number	Percentage
COUNT FINANCIAL LIMITED	40,945,747	35.87%

(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 8488 4500
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.

Shareholders' Calendar

Annual General Meeting

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

Address: Grant Thornton
Level 17, 383 Kent Street
Sydney NSW 2000

Time: 10.00am

Date: Thursday 10 November 2016

Dividend Declared

A fully franked dividend for the 2017 financial year of two cents per ordinary share was declared on 25 August 2016 to investors registered at the close of business on 27 October 2016. The shares will be ex-dividend on 26 October 2016.

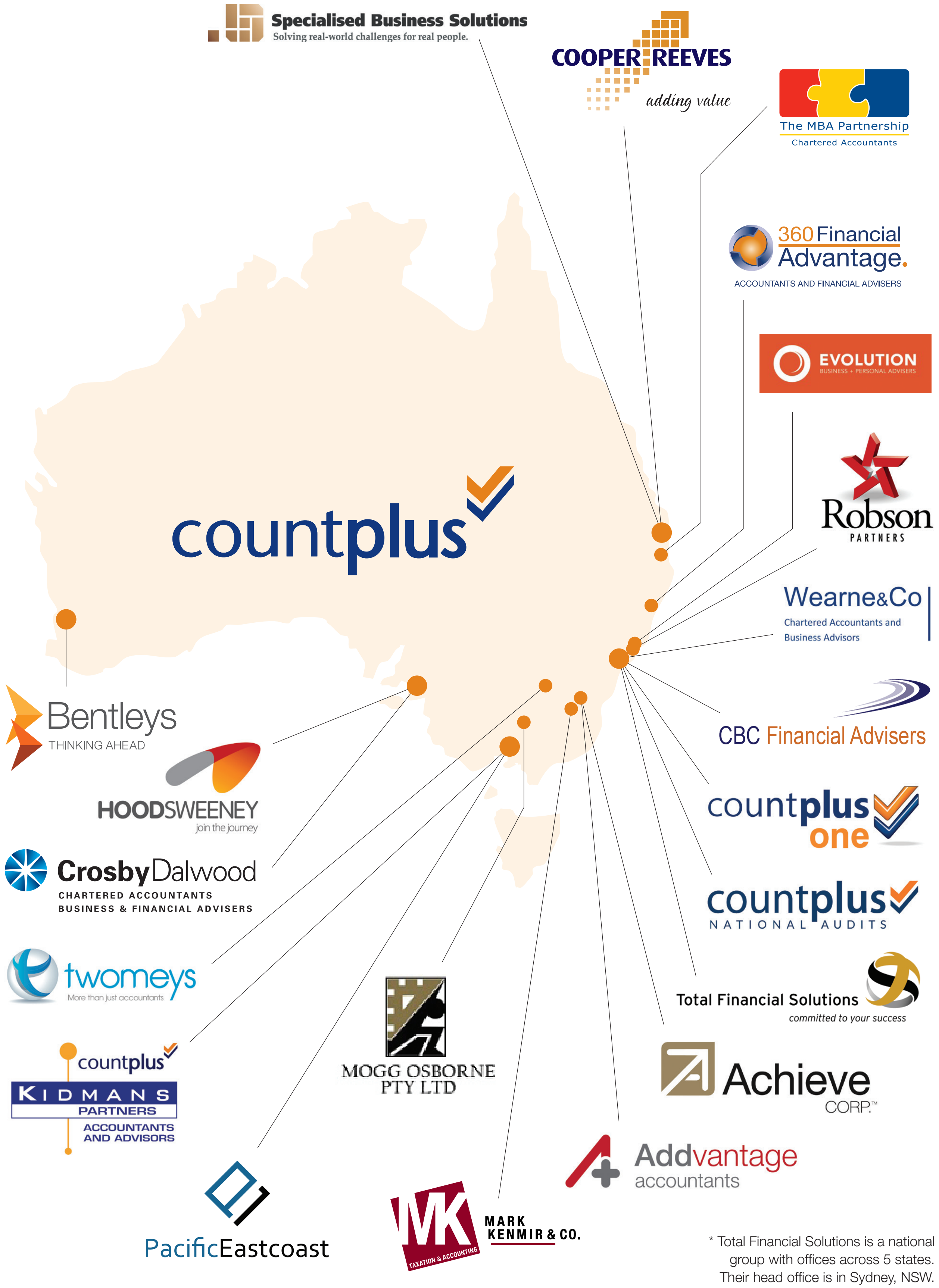
Dividends Paid/Payable

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 Paid 2013/14	**Cents per share**	**Paid**
1st Interim Dividend	3 cents	15 November 2013
2nd Interim Dividend	3 cents	14 February 2014
3rd Interim Dividend	3 cents	15 May 2014
Final Dividend	3 cents	15 August 2014
Dividends Paid 2014/15	**Cents per share**	**Paid**
1st Interim Dividend	2 cents	17 November 2014
2nd Interim Dividend	2 cents	16 February 2015
3rd Interim Dividend	2 cents	15 May 2015
Final Dividend	2 cents	14 August 2015
Dividends Paid 2015/16	**Cents per share**	**Paid**
1st Interim Dividend	2 cents	16 November 2015
2nd Interim Dividend	2 cents	15 February 2016
3rd Interim Dividend	2 cents	16 May 2016
Final Dividend	2 cents	15 August 2016
Dividend Payable 2016/17	**Cents per share**	**Payable**
1st Interim Dividend	2 cents	15 November 2016

Proposed Future Dividends

Dividend 15 February 2017
Dividend 15 May 2017
Dividend 15 August 2017
Dividend 15 November 2017

Countplus Member Firms



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

countplus

Head Office
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Sydney NSW 2001

www.countplus.com.au