

# Countplus Limited

## 2015 Annual Report



**BLUE789™**



**ADVICE389™**





# About Countplus

Countplus is a national aggregation network of 20 professional services practices; 17 accounting/business advisory firms, a financial planning specialist, a property services group, a financial planning dealer group and 2 new initiatives – BLUE789 & ADVICE389. We operate out of 41 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.

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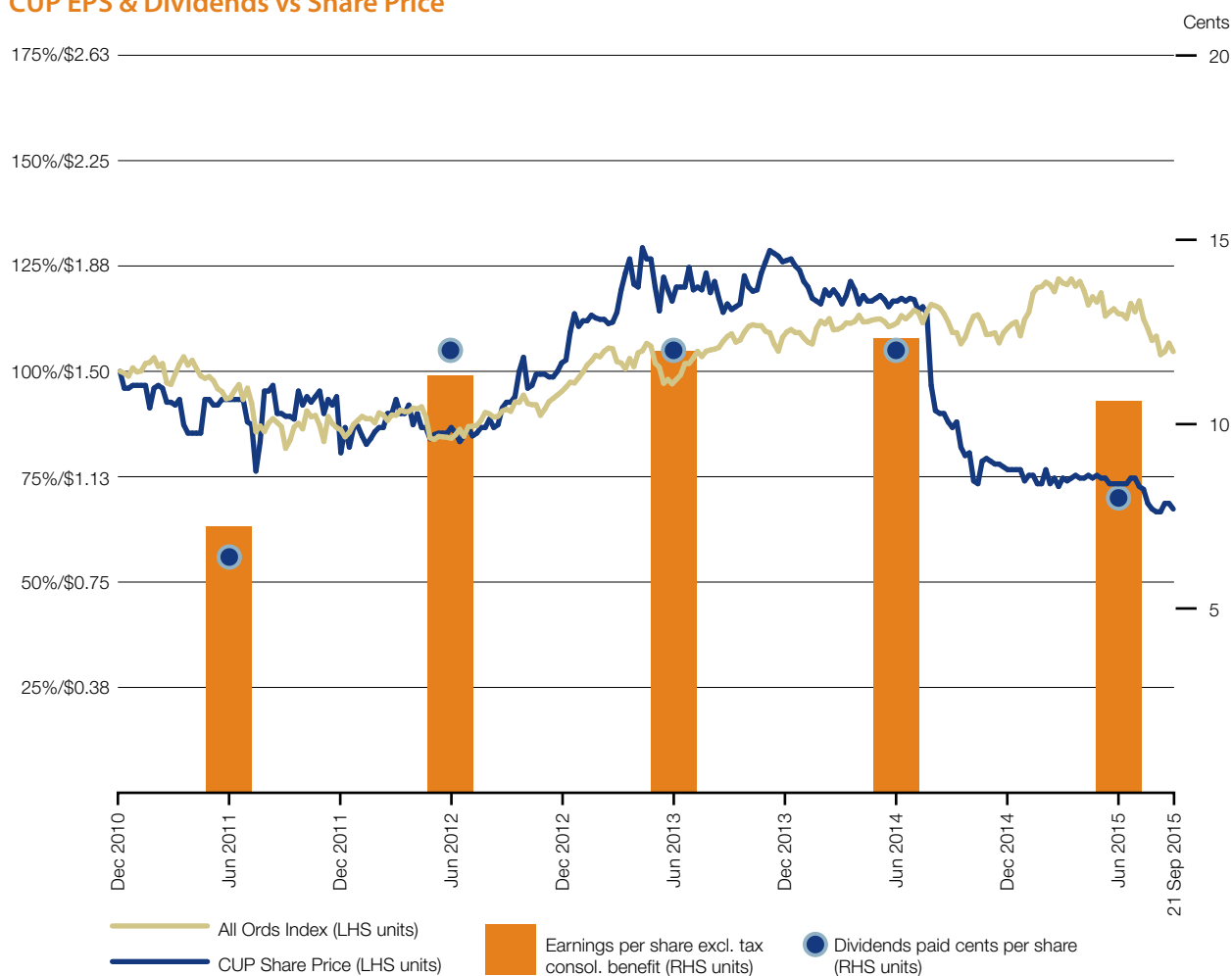
# Financial Highlights

		2015	
		% Change	% Normalised Change <sup>^</sup>
Operating profit (EBITA)*	\$15.58m	Down 18.5%	Up 2.4%
Consolidated net profit before tax	\$13.05m	Down 15.1%	Up 5.9%
Consolidated net profit after tax	\$9.93m	Down 12.2%	Up 2.5%
Diluted earnings per share	9.01 cents	Down 11.1%	
Dividend per share	8c declared and paid for full year ended June 2015		
Member contribution margin (total net member income / net member revenue)	17%		

\* Excludes non-cash fair value adjustments and share-based payments but includes income from associates.

<sup>^</sup> The normalised change has been adjusted to: 1. Exclude the gain on revaluation of a property asset in 2014/15; 2. Exclude the contribution from the subsidiary sold in prior year; and 3. Exclude loyalty payments in 2013/14 paid by CBA (now expired).

## CUP EPS & Dividends vs Share Price



- All Ords and CUP prices are weekly closing prices
- Earnings per share excludes amortisation expense and non cash fair value adjustments
- 2011 EPS excludes non-recurring tax consolidation benefit of \$1.187m



# Financial Summary

	2013	2014	2015	2014/2015 change	2014/2015 normalised change*
	\$'000	\$'000	\$'000	% mvmt	% mvmt
<b>Total net revenue</b> <sup>1</sup>	<b>94,941</b>	<b>95,820</b>	<b>88,913**</b>	<b>(7.2%)</b>	<b>2.5% ^</b>
Total expenses <sup>2</sup>	(76,053)	(77,054)	(74,225)	(3.7%)	3.4%
<b>Net income</b> <sup>3</sup>	<b>18,888</b>	<b>18,766</b>	<b>14,688</b>	<b>(21.7%)</b>	<b>(1.2%)</b>
Share of profit from associates <sup>4</sup>	486	346	893	158.1%	158.1%
<b>Operating profit (EBITA)</b> <sup>5</sup>	<b>19,374</b>	<b>19,112</b>	<b>15,581</b>	<b>(18.5%)</b>	<b>2.4%</b>
Other income	397	59	228	286.4%	286.4%
Share-based payment	(351)	(214)	(335)	56.5%	56.5%
Interest expense (net of interest income) <sup>6</sup>	(902)	(1,096)	(1,159)	5.7%	5.7%
Amortisation expenses (net tax) <sup>7</sup>	(3,343)	(3,157)	(2,804)	(11.2%)	(9.2%)
Profit before tax (excluding fair value adjustments) <sup>8</sup>	15,175	14,704	11,511	(21.7%)	5.9%
Gain on revaluation of investment property <sup>9</sup>	–	–	1,680	n/a	n/a
Non-cash fair value adjustment/impairment	(204)	676	(140)	n/a	n/a
<b>Profit before tax</b>	<b>14,971</b>	<b>15,380</b>	<b>13,051</b>	<b>(15.1%)</b>	<b>4.6%</b>
Income tax expense	(3,888)	(4,067)	(3,117)	(23.4%)	10.7%
<b>Consolidated net profit after tax</b> <sup>10</sup>	<b>11,083</b>	<b>11,313</b>	<b>9,934</b>	<b>(12.2%)</b>	<b>2.5%</b>
Profit attributable to owners of CUP	10,920	11,131	9,930	(10.8%)	
Profit attributable to non-controlling interest	163	182	4	(97.8%)	
Average no. of shares on issue (BEPS)	109,432,792	109,815,090	110,197,581	.3%	
<b>Basic earnings per share (cents)</b>	<b>9.98</b>	<b>10.14</b>	<b>9.01</b>	<b>(11.1%)</b>	
Average no. of shares on issue (DEPS)	109,439,204	109,839,388	110,209,392	.3%	
<b>Diluted earnings per share (cents)</b>	<b>9.98</b>	<b>10.13</b>	<b>9.01</b>	<b>(11.1%)</b>	
Current assets	35,172	34,334	33,766	(1.7%)	
Current liabilities	22,127	21,013	18,892	(10.1%)	
Current ratio	1.59	1.63	1.79		
Non-current assets	66,454	65,427	71,672	9.5%	
Non-current liabilities	27,514	27,584	33,296	20.7%	
Net assets	51,985	51,164	53,250	4.1%	
Net debt	9,255	12,692	20,287	59.8%	

\* The normalised change has been adjusted to: 1. Exclude the gain on revaluation of investment property in 2014/15; 2. Exclude the contribution from the subsidiary sold in prior year; and 3. Exclude loyalty payments in 2013/14 paid by CBA (now expired).

^ refer to table on page 19. \*\* Includes gain on deferred consideration (\$178), rebates (\$229) and dividend from investment (\$100).

## 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 1.3%, adjusting for the sale of a subsidiary in the prior period), reflecting continued challenging business conditions for SME businesses, which represent the core client base of the Group.

Net financial planning revenue was down 15.8% due to the elimination of the loyalty payments paid by the Commonwealth Bank to franchisees of Count Financial Limited in FY14 (16 Member Firms are franchisees of Count Financial). Normalised operating financial planning revenue was up 7.5% over the period and made up 22.6% of total net Group revenue.

Property related revenue contributed 6.1% of total Member Firm net revenue for the year (2014: 4.7%) and was up 18.9% on the prior period.

Excluding the impact of the sale of a Countplus subsidiary and the abovementioned ceased loyalty payments, net operating revenue increased by 2.5%.

### 2. Expenses

The largest expense item is employment costs which increased by 3.8% over the period, (excluding the impact of the sale of a subsidiary in the prior period). This is

comprised of member firm employment costs (up 3.0%), plus head office costs associated with new business initiatives, BLUE789 and ADVICE389.

Other operating expenses benefitted from comparatively lower provisioning against debtors under the Group's conservative policy. This benefit was offset by additional professional fees associated with setting up the structure for the new initiatives and the Group's Direct Equity Plan.

### 3. Net income

Net income was \$14.7m (down 1.2% on a normalised basis) for the year.

### 4. Share of profits from associates

This item is primarily made up of the Group's share of profits from its 26% interest, acquired in October 2012 in a leading South Australian professional services firm, Hood Sweeney. Also, during the year, the Group's financial planning dealer group, Total Financial Solutions (TFS) invested in 3 of its larger associated firms.

### 5. Operating profit (EBITA)

Normalised operating profit increased by 2.4% this year after excluding the impact of the gain on revaluation of investment property (2014/15), the contribution from subsidiary sold in 2013/14, and the non-recurring loyalty payments from Count Financial in 2013/14.

### 6. Interest expense

The Company moved its financing facility to Macquarie Bank in late May 2015. The new facility is larger than the previous

facility (\$30 million and is expected to increase over time) and will be used primarily to fund new investments through the new business initiatives, BLUE789 and ADVICE389.

### 7. Amortisation expense

Amortisation (non-cash) expenses of \$2.8m (2014: \$3.2m) 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. Profit before tax (excluding fair value adjustments)

On a normalised basis, profit before tax and fair value adjustments increased by 5.9%.

### 9. Gain on revaluation of investment property

A commercial property asset held by our Melbourne based subsidiary, Property Investment Management (part of the Pacific East Coast subsidiary) was sold at auction after balance date. The asset has been revalued to its sale value less associated costs in the unadjusted results, contributing a fair value gain of \$1.7 million.

### 10. Consolidated net profit after tax

Reported net profit after tax was down 12.2% due primarily to the non-recurrence of Count Financial loyalty payments made in the prior period. On a normalised basis and excluding the positive revaluation of the property asset in the current period, net profit after tax was up by 2.5%.

# Chairman's Report



**Barry Lambert**  
CHAIRMAN

## Countplus Limited (ASX Code: CUP)

On behalf of our Directors, I am pleased to report a Net Profit after Tax (NPAT) of \$9.93m. This was another solid result, bearing in mind the economic and political environment resulting in a subdued business environment for many small and medium sized businesses (SME's).

A full year fully franked dividend of 8c per share was paid for the 2014/15 year, via quarterly 2c dividends. Whilst this is a high pay-out ratio as a percentage of after tax profit, it is 57% of our operating profit (EBITA). Our aim is to allow the pay-out ratio percentage to fall as profits rise over time. At this time, I can see no reason as to why the dividend will fall in 2015/16, however we expect to give our first formal guidance at our AGM on 25 November 2015.

## New Management

I am pleased to report that in January 2015 Phil Aris joined Countplus as the Chief Executive Officer, he was formerly the CEO of our well performing subsidiary firm TFS. In October 2015, John Collier will join us as the Chief Financial Officer. Prior to Countplus, John, a Chartered Accountant, was the CFO of BDO for more than 6 years. The above appointment replaces our inaugural CEO & CFO, Michael Spurr. Michael steered the Company during the initial acquisition listing and its early life. The Board and I thank Michael for his contribution and wish him well.

## Acquisition and New Initiatives

As reported elsewhere in this Annual Report, we have approved a number of small "tuck-in" acquisitions during 2014/15 and more are in the pipeline for 2015/16. These new investments have been funded from retained cash earnings and borrowings. Our net debt at 30/06/15 was \$20.3m, or approximately two times our after tax profit.

As previously advised, we have created a new initiative - ADVICE389, and renamed another to BLUE789 (previously referred to as "C2"). Over the next few years, we intend to grow our business more rapidly by these new and exciting initiatives, BLUE789 & ADVICE389.

After some early setbacks our core existing Member Firms are established, profitable, growing and at the same time learning from one another to become even better businesses. We have commenced the process of allowing our existing firms to buy back part of their existing businesses. Since year end, three of our foundation firms have participated in this process. This will bring these firms

in line with our new business models. We believe this is the right model for the future and further buy backs are expected over the next few years.

## Countplus Investments

### Class Ltd

Countplus owns 4.85% of Class, a cloud based Self-Managed Super software provider. Class is performing strongly and is expected to list on the ASX in December 2015. The number of billable funds held by Class has now passed 90,000 funds.

As a major user of Class, Countplus is expected to receive an allocation of shares in Class Ltd which is likely to increase its holding in Class to more than 5%. I am also the Chairman of Class and as such do not make investment decisions on behalf of Countplus.

### Hood Sweeney

Our minority interest firm (26% interest), Hood Sweeney, a South Australian professional services group, has seen another well performing year. We expect to increase our interest to over 30% in 2015/16.

## CBA Shareholding

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

In summary, Countplus is still young in its life as a group, is under new management, and has some exciting new initiatives designed to improve the performance of the Company.

Thank you for being a Countplus shareholder.

### Barry Lambert

Director  
Sydney  
30 September 2015

# Chief Executive Officer's Report



**Phillip Aris**  
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

## Overview

It gives me great pleasure as the newly appointed CEO to present my first report for the 2015 year. I took over the CEO position in January 2015 after a seven year tenure as CEO of Total Financial Solutions (TFS), Countplus' largest Member Firm. As a first priority, I promised to visit every office in the Countplus network as I felt it important to meet our people, our 600 employees, the very people that are responsible for the underlying performance and future success of the business. I am happy to report that overall I observed a strong culture of respect, professionalism, accountability and a deep focus on achieving great client outcomes.

It is however important to acknowledge that in previous years we have experienced below par performances from a small number of our Member Firms which have impacted on our overall results. I can now report that in the main these issues have been dealt with through the implementation of a number of initiatives including, but not limited to, an improved accountability structure, a renewed and more engaged management team and in one circumstance, a full divestment. These initiatives have and continue to result in improving performance.

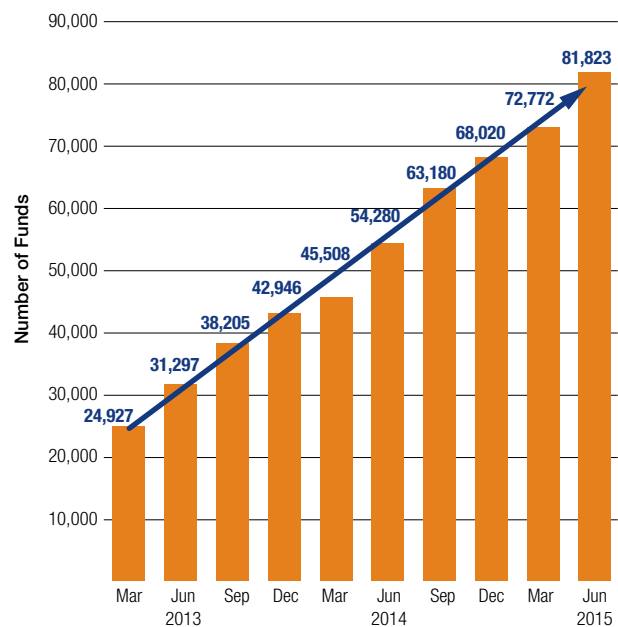
Although our core accounting based income was down 1% reflecting continued challenging conditions within our small to medium size business (SME's) client base, we continue to diversify our income. Accounting based income now represents 65% of total revenue, down from 81% since listing in 2011. We continue to diversify our revenue base into growth areas, including financial planning – up 7.5% (excluding the discontinued Count Financial loyalty payments) and property services – up 19%. We expect this trend to continue in 2015/16 and beyond as new technology drives greater efficiencies, freeing up time to allow our people to provide more value add advisory work.

I am also pleased to announce our first transactions in our previously reported Member Firm buy-back program, the "Direct Equity Plan" (DEP). The DEP allows our Member Firms to buy back up to 40% equity in their business. We believe this program will better align Principals and senior managers to share directly in their own business and drive improved performance.

The proceeds from the buy-back will be used to invest in growth areas including the launch of our two new initiatives, BLUE789 (previously referred to as "C2"), targeting larger accounting practices and ADVICE389, targeting financial planning firms (see profiles on pages 11

and 12). In addition, our investment in Class Ltd (previously called Class Super), the SMSF cloud based administration software provider continues to grow strongly, achieving a 51% increase in billable funds over 2014/15. Class continues to grow its billable funds at around 50% pa as accountants and administrations move to Class' more efficient software systems.

**Billable Funds on Class by Quarter**  
31 March 2013 to 30 June 2015



## The Group

Countplus and its subsidiaries (the "Group") is a diversified professional services business represented by 20 businesses (Member Firms) independently run with a presence in every mainland capital city and some larger regional centres. With our 20 Member Firms: 17 Members offer traditional tax and accounting services to individuals and small to medium sized businesses; 16 offer financial planning services; Total Financial Solutions, a financial planning dealer group consisting of 56 practices and 92 advisers; and Pacific East Coast, a property services group based in Melbourne. In addition, the Group also has strategic interest in a number of associate firms including a 26% interest in leading South Australian professional services group, Hood Sweeney, and 4 financial planning firms, McQueen Wealth Management (49%), Financial Momentum (40%), Nixon Financial Services (30%) and Hunter financial Planning (40%), all franchised Members of TFS.

## Chief Executive Officers' Report continued

### 2014/15 Results

The Group announced a net profit after tax attributable to shareholders of \$9.93m, down 12.2%, representing diluted earnings per share of 9.01 cents, down 11.1%.

Our result was materially affected by the discontinued Count Financial loyalty payments, down by \$2.87m (after tax) which was partially offset by a \$1.17m (after tax) fair value gain from the property asset. Excluding these transactions, normalised net profit before tax was up 5.9%, reflecting an improved performance in the underlying businesses.

Once again, the best performing firms in the Group were our largest profit contributors Total Financial Solutions and the property based group, Pacific East Coast. Pacific East Coast had another record year with property transactions of over \$200m and revenue growth of 19%. Pacific East Coast continues to access quality developments through its successful research methodology developed over 30 years. Of our accounting based businesses, a special mention goes to Kidmans Partners based in Melbourne (see profile on page 13), Twomeys in regional NSW, Countplus One in Sydney, Mogg Osborne in regional Victoria, Cooper Reeves in Brisbane and Hood Sweeney after their successful merger with Shearer + Elliss, an Adelaide based accounting and wealth advice firm.

### Rewards, Incentives and Development

A critical part of Countplus' strategy is to ensure that our people are appropriately incentivised to drive performance and eliminate bad behaviour. 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. During the year, we made our third annual issue of loan funded shares to 95 employees under the Group's equity reward loan funded share plan. We also issued up to \$1,000 worth of shares to 117 employees under the Group's employee loyalty (tax-exempt) plan.

We are now into our third year of the Countplus Emerging Leaders Program which aims at promoting and developing the new generation of leaders to ensure a bright future for our firms. Key objectives and learnings from this program include how to improve decision making and insight, driving a higher performance culture and seeking and embracing change and innovation. We believe that development of our people is a critical success factor in attracting and retaining the best people.

As discussed previously, we have recently implemented the Direct Equity Plan (DEP), an exciting initiative critical to securing our most talented people and driving



Above: Countplus Member Firm Change Accountants and Advisors who were awarded the 2015 Xero Partner of the Year.



performance through better alignment. The DEP will allow key team members and Member Firm Directors to acquire from Countplus an equity interest in the subsidiary business they work in (Countplus currently owns 100% interest in most of its Member Firms). This interest can be built up over time, allowing Directors and senior managers to share directly in the success of their own business over which they have the most influence. While all Member Firm employees are eligible to participate (subject to approval of the relevant Firm's board and Countplus), this plan is targeting key employees, particularly the next generation leaders in each practice. I am pleased to announce that 3 Member Firms have completed their investment in the DEP in July and August 2015. The firms are MBA Partnership based in the Gold Coast, Kidmans Partners based in Melbourne and Specialised Business Solutions based in Brisbane. The new Shareholders in each of these Member Firms acquired up to 40% equity interest in their practices. We believe there could be one more transaction before the end of the financial year, and potentially 5-6 firms each year over the next two years.

Although the buy-back will initially have a negative impact on our Group results, this impact will be managed over the next 3 years. We do expect it to generate improved performance over time and it does allow the additional capital returned to be applied to fund further growth initiatives including BLUE789 and ADVICE389.

### Growth Opportunities

We believe the recent restructuring of our non-performing firms and the buy-back initiative will result in a more improved core business performance. In addition, we also believe we are developing a strongly collaborative network of businesses willing to learn off each other to improve business performance, whether that be through better use of technology, improved business processes, marketing initiatives or better client engagement techniques. The adoption of Class by our Member Firms to enhance business productivity through better use of cloud based technology is a good example. From a small number of early adopters in 2010/11, today 100% of Countplus accounting firms utilise Class, providing greater efficiencies and freeing up time with their clients to discuss higher fee generating advisory work.

We continue to take steps to actively involve firms that can assist each other by sharing ideas and services including the establishment of a national audit firm, Countplus National Audits. The newly established audit initiative allows Countplus Member Firms and their clients to access best practice audit capabilities while focusing on their core business offerings. The sharing of ideas, initiatives and experiences is a key benefit of being part of Countplus.

The launch of our two new growth initiatives, BLUE789 and ADVICE389 (profiles on pages 11 and 12) allows Countplus to invest in quality accounting and financial planning businesses. Both initiatives provide a valuable solution to the growing challenge of succession within the professional services SME industry.

Other growth opportunities have emerged with the advancement of technology in accounting services. Relatively new players such as Xero in the small business accounting space and Class (as noted above), without the baggage of outdated legacy systems, have been able to make significant inroads into the market share of long established and previously dominant providers. These systems are enabling compliance work to be carried out much more efficiently, providing more opportunities for accountants and advisers to offer higher value services. Many of our accounting based firms have been early adopters of these cloud based technologies and are well positioned for the future; in attracting talented people who want to work with the latest technology, in attracting clients requiring higher value services and in acquiring other businesses unwilling or unable to adapt to the latest technology.



**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 levels of investment:

## 1. Utilising Countplus Resources to Build a High Performance Firm

We have an online subscription service, ChangeGPS, which provides over 200 accounting firms with “best practice” tools, templates and showcases technology solutions. It aims to help practitioners build a high performing business. There are no future commitments or lock-ins. Firms that utilise more innovative and efficient solutions to streamline their business processes are likely to be more attractive to Countplus for investment or acquisition purposes as they become more successful in the future.

## 2. “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. In 2014/15, our Melbourne based Member Firm, Kidmans Partners acquired the assets of an accounting and audit business, Harmon Partners (see page 59) whilst our Canberra based Firm, Addvantage Accountants (formerly Beames & Associates) merged with professional services practice, John Dormer & Associates.

## 3. 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 was increased during the year to a 26% holding.

Total Financial Solutions, our financial planning dealer group, took minority interests in 3 of its top performing associated practices during the 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 (see pages 11 and 12). When sufficient scale of investments in high quality large accounting and financial planning based businesses be 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.

In August 2015, ADVICE389 made its first investment, a 40% interest in Newcastle (NSW) financial planning firm, Hunter Financial Planning (see page 11).

## 4. 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 Ltd (formerly Super-IP), a cloud based SMSF technology provider, which administers approximately 90,000 SMSFs nationally and is expected to list on the ASX in December 2015. Countplus is now the largest institutional shareholder in Class (4.85%). Property services group, Pacific East Coast, 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.

# New Initiative: **ADVICE389**

I am pleased to be able to introduce you to the newly established Countplus (CUP) wholly owned subsidiary, ADVICE389. Why the name? Firstly, it's about "advice" first and foremost and ensuring that we are building a network of quality advice providers. And why "389"? The "3" represents the third company in the CUP family to build a shared equity model (after Countplus itself and BLUE789), and the "89" is the link to BLUE789 and the establishment of a quality professional services network, covering accounting, financial planning and property services.



Above (L-R): Philip Smith, Pierre Kraft and Brian Kennaugh.

## The Opportunity

After several years of watching the changes in the advice industry, it became clear that the market was primed for a breakaway in the advice space. Many businesses were focusing on compliance and had lost touch with why they were in business – to provide quality advice to clients. The Countplus Board saw this opportunity and an ability to create an offering in the financial planning space, so they decided to create a similar business model to Countplus, whilst taking into consideration the risks & issues involved in that model and other models in the market.

The foundation of this business model is created by acquiring a shared equity interest in quality financial planning businesses. The type of firms we are looking at acquiring will have quality leadership in place, will be of a certain size, profitable, will be able to demonstrate a history of growth and an ability to grow into the future. They will also have strong client engagement models and a proposition to their employees that allows them to attract, develop and retain the talent within their business.



## The Value for Clients

For clients it ensures that the business they have been entrusting their financial circumstances to for several years continues to provide that advice and the team they have become accustomed to dealing with remains in the community. This is achieved through the shared equity model, ensuring Principals have a vested interest to remain in their firm and to ensure that suitable succession solutions are in place. Through the offerings provided by Total Financial Solutions, clients will have access to choice in both investment platforms and insurance providers, as well as innovative investment solutions such as Pacific East Coast and Privileged Portfolios, ensuring the focus is always on the clients best interest.

## The Value for CUP Shareholders

This provides an opportunity for Countplus to leverage the capability it has built in the accounting sector, ensuring that it creates new growth options and revenue streams. For our targets firms who have sustainable advice models, this provides access to quality firms, ensuring that Countplus has another business that provides an income stream with future growth prospects.

## Our First Member Firm – Hunter Financial Planning (HFP)

Hunter Financial is a Financial Planning firm from Belmont in Newcastle, which has been licensed with Total Financial Solutions since the 1st of July 2014. In August 2015, 40% equity interest in HFP was acquired by ADVICE389, making it the inaugural member of ADVICE389. HFP is a firm that is well respected in the Hunter community and is well regarded in the financial planning industry. It is led by Principals, Philip Smith and Brian Kennaugh. HFP pride themselves on the quality of their service to their clients and the capability of the team they have built. They have been able to demonstrate a history of fantastic growth in both revenue and profit and also the ability to continue to grow. ADVICE389 is proud to have HFP as our first firm to join the group.

The next 12 months will certainly be a busy period for ADVICE389 and if we continue to attract quality firms like Hunter Financial Planning, we will have the foundations for a quality long-term sustainable professional services network.

### **Pierre Kraft**

Chief Executive Officer



# New Initiative: BLUE789 – the network for larger Accounting Firms

The new Countplus (CUP) growth initiative for larger Accounting firms is achieving a good level of awareness in the Accounting community and resulting in positive engagement with quality firms. We have received media coverage in the Accounting and financial press, including a detailed article in the Australian Financial Review.

There is a growing awareness of the real challenge for larger firms to create a structure and environment to facilitate succession. Principals want to transition towards a positive exit from the business, extracting the capital value they have created, while providing an opportunity for future leaders to acquire smaller equity positions in the business earlier in their careers. There is a genuine desire for business owners to pass on business and client relationships to their people, who they have trained and developed, allowing them to transition out of the business in a positive manner.

BLUE789 is best positioned to attract these firms and facilitate their succession and growth.

Being part of the CUP group provides credibility in the market place, while engaging with CUP Member Firms is also providing referrals and introductions to other firms in various locations across Australia.

## Engagement with firms

Our clear focus is on attracting quality firms that meet BLUE789's size & acquisition criteria, and we have had a number of meetings with potential firms to date, with continuing discussions, along with a growing pipeline of businesses that have expressed an interest to engage in the near future.

We are selective on who we are entering into detailed negotiations with, as we are seeking quality larger firms that have a history of growth, good leadership and are actively managing succession in their business.

The tranche 1 acquisition target is to acquire approximately 30% of the accounting business, providing a significant investment in the firm, while facilitating succession, business growth and a future focus.

As a result of our meetings with firms and industry leaders, we are seeing that the "shared equity" approach is very attractive to Principals who want to see their business continue to prosper with their own brand, maintaining their independence and entrepreneurial spirit, while facilitating growth and engagement of future leaders early in their careers.

We remain on track to achieve year one targets of acquiring interests in firms, and building a pipeline of quality businesses to allow for progressive acquisitions over the next three to five years.



## Building the network for the future

Meeting and engaging with quality larger firms over the last six months has enabled BLUE789 to obtain a clear understanding of the current challenges facing firms and their Principals. The Accounting world is being disrupted through a number of factors, including:

- Technology advancements in data processing and reporting;
- Changes in client expectations around the business advisory role;
- Off shoring of processing reducing costs of production;
- Attraction and retention of staff who live and operate in a technology driven world; and
- Systemisation of tax office compliance and reporting requirements.

All of these disruptive forces are adding pressure on Principals to remain relevant. Firms that are evolving and implementing continuous change to their business operations are growing and enhancing their client & staff engagement, which is building sustainable and successful businesses.

The BLUE789 network value is created by facilitating each firm's strategic vision and planning around their growth, succession and continuous development, without taking control of the business or directing how the business should be run.



Above (L-R): Barry McGee (CEO of BLUE789) and Barry Lambert (Director of BLUE789 and Chairman of Countplus Limited).

## Member Profile: Kidmans Partners

Kidmans Partners, being 'Beyond The Numbers', is a Melbourne-based business services and financial planning firm, focused on enhancing clients' business returns and personal wealth, enabling them to have more choices in life.

Established in 2000 by Directors Manish Sundarjee and Paul Kerss, with 6 staff members, Kidmans Partners has grown considerably, and particularly so since its inception into the Countplus network in 2010.

With the approval and support of the Countplus Board, the Kidmans Partners group now consists of over 50 staff members following the acquisition of Pacific East Coast, as well as acquisition of a number of quality accounting businesses in and around Melbourne.

Despite all the changes that have occurred over the past 5 years and the exciting changes yet to come, the vision and values of Kidmans Partners' management team and staff have remained steadfast. "Being 'Beyond The Numbers' means that our clients are more than just numbers to us – we look beyond their income and expenses and beyond their assets and liabilities, to understand and help them to achieve what is most important to them", says Manish, who heads up the firm's Wealth Management division.

Clients are provided with personalised professional services with as little or as much "hand-holding" as they need, and with a diversified service offering including Accounting and Tax compliance, Audit, and Wealth Management, there are few aspects of a client's financial life that Kidmans Partners would not be able to assist with. However, in instances where a client's requirements extend beyond Kidmans Partners' areas of expertise, they are then referred to the relevant specialist in Kidmans Partners' extensive network of Professional Partners.

Its "people-focus" philosophy extends beyond its clients, with the Kidmans Partners Board placing a strong emphasis on encouraging and promoting the personal and professional development of their staff.

Throughout the year, Kidmans Partners also run a number of social events for clients and staff, such as a Movie Night, a Races Night and a monthly morning tea where staff members take turn to prepare morning tea for the firm – Kidmans Partners are pleased to report there has been no incidences of food poisoning, and that should he ever decide to retire, Director Paul Kerss could start a new career as a chef with his chicken pies always in high demand.

When asked about the future of the business, Manish replied, "Our vision is for the long-term success of our firm, and our clients and staff – to that end, we will continue



Above (L-R): Geoffrey Taylor, Manish Sundarjee, John Petridis and Paul Kerss (Directors of Kidmans Partners).

to pursue quality tuck-in opportunities that will not only enable us to grow the size of our firm but more importantly, enhance our service offerings, improve our knowledge base and expertise, and continue to implement best practice processes."

"As we commence the 2016 financial year, Paul Kerss, John Petridis, Geoffrey Taylor and myself want to express our gratitude for the continuing support of Countplus, our tuck-in Principals and staff, and our loyal clients. We are excited about what the future holds and look forward to continuing to perform strongly and grow the Kidmans Partners family", says Manish.

# Member Profile: Hood Sweeney

With more than 3,000 clients and 110 staff, Hood Sweeney is one of South Australia's strongest financial services companies, embarking on a new phase of its own financial journey with a new Managing Director appointed earlier this year.

Having overseen a successful merger with boutique firm Shearer and Elliss in 2013 and rebranding to focus on supporting clients through life's financial journey, former managing director Matthew Rowe has followed the firm's textbook approach to succession planning, handing the reins to director Chris Stewart.

Hood Sweeney Board Chairman Dr Andrew Holsman says Matthew has steered the firm to a leading position in the industry since 2009.

"It's a well thought out and executed succession plan and in Chris we have a dynamic and astute leader. He understands our business intimately and is ideally suited to build on this great foundation," says the Chairman.

Chris comes to the role having been previously Head of Business Development and most recently Director, Consulting and Performance Coaching which provides strategic planning and corporate governance advice to clients.

Chris played a key role in launching the Consulting and Performance Coaching service line in July last year, producing greater than expected earnings. He continues to manage this service line with a strong team including Director Simon Starr as the lead of Performance Coaching.

"I am very much looking forward to the challenge and continuing to cement Hood Sweeney's position as a market leader," Chris says.

"I'm also passionate about our own staff development as I believe that's critical to remain at the industry forefront and maintain a high performance culture."

Yet Hood Sweeney is also a company that prides itself on keeping the personal touch with clients, providing a wrap-around individualised service.

The firm has offices in Adelaide, Whyalla and Kadina, providing five services lines: Accounting & Business Advisory, Consulting & Performance Coaching, Financial Planning, Finance, and Technology Services.

And as a result of investing in building its business development capability since 2012, the firm has achieved a boost in new business.

Hood Sweeney has focused on expanding its specialist services, establishing a dedicated health sector team to manage clients including the state branches of the Australian Medical Association and the Australian Dental



Association, and the Royal Australasian College of Surgeons. The firm has worked closely with the health sector providing integrated advice across its service lines, including accountancy, financial planning, technology and governance.

Hood Sweeney also has close links to the agricultural sector, with strong regional branches.

The aim is to support clients with a financial services one-stop-shop, helping busy professionals to develop the right strategy in each part of their financial journey, including advice on financial planning, income insurance, business structure, wealth management and succession planning.

"We have an outstanding team and an unwavering client-first mentality — Hood Sweeney is a proud South Australian firm, committed to this state," Chris says.



Above (L-R): Matthew Rowe and Chris Stewart.



# 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 and their staff have raised funds for numerous worthwhile causes. A small selection is included here:

The staff in our Northern NSW Member Firm, 360 Financial Advantage have helped make a difference to many lives by donating part of their wage (\$100 per month) to help sponsor the School of St Jude. The school in Arusha, Tanzania, provides free high-quality education to children from the poorest families who due to poverty & social pressures would otherwise be unlikely to complete their schooling.



Above: A student of the School of St Jude.

360 Financial Advantage also sponsors Reap Food Rescue on a monthly basis. Reap Food Rescue was established in the Port Macquarie Hastings region to facilitate the collection of quality excess food from local food businesses and delivering it, direct and free of charge, to charities providing much needed assistance to vulnerable men, women and children.

The team in our Gold Coast based Member Firm, MBA Partnership, held their annual Charity Golf Day in October to support the Hear and Say Centre, the Gold Coast Hospital Foundation and Guide Dogs Queensland, raising \$38,000. In the last 5 years, MBA have raised over \$250,000 from their annual Charity Golf Day event.



Above: MBA Principal Nathan Moss.



Above: MBA Partnership presenting a cheque to the Guide Dogs Queensland.

Hood Sweeney, a Member Firm based in Adelaide is not only willing to engage in their community, they have it as one of their strategic drivers. In the last 12-months, they have donated over \$60,000 to charity and community initiatives including the Whyalla Show Society, Adelaide to Outback GP Training Program, Cancer Council, North Whyalla Football Club, RSPCA, Youth Opportunities, Movember, Everyday Hero, Paskeville Netball Club, Red Cross, Jodi Lee Foundation, Paskeville Football Club, Christmas Party for Special Children, RSPCA SA, Baptist Care, Indigenous Kids Future, Arthurton Cricket Club, St John's Grammar School, Carers SA, Winston Churchill Memorial Trust, CARA, Sammy D Foundation, Joanna Briggs Foundation and Hutt Street Centre.



Above: Hood Sweeney staff participating in Relay for Life.

Each Hood Sweeney Director also donates a minimum of 60 hours per annum of their personal time to the community. The Directors support their chosen community commitments by offering their time as board members of schools, charity and community organisations and treasurers for sporting clubs, charity and community organisations. In the 2014/15 Financial Year, Hood Sweeney Directors provided over \$400,000 of pro-bono support to their chosen community organisations.

Sydney based Member firm, Total Financial Solutions is a supporter of the Prostate Cancer Foundation of Australia. With a contribution from Count Charitable Foundation, Total Financial Solutions successfully raised in excess of \$11,000 at their Annual Conference in Queensland.

Geoff Missen, MBA Partnership Principal participated in Vinnie's CEO Sleep Out in June, an event that sees thousands of CEOs sleep out in the cold, experiencing for one night what over 100,000 homeless Australians experience every night. He raised \$5,980 which will go towards assisting people experiencing homelessness.

# Countplus Board Profiles



## Barry Lambert

F CPA, SF Fin, Affiliate ICAA  
Non-Executive Chairman  
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 a Director of many Countplus Member Firms, as well as a Director of the Count Charitable Foundation.

Outside of the Count Charitable Foundation and Countplus group, Barry is also Chairman of the Class group of companies, a rapidly growing cloud based IT software solutions business specialising in Self-Managed Superannuation Funds administration. Barry was appointed to that position in November 2008.



## Phillip Aris

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

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 of all 20 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 in 1999. It has now grown to be one of Countplus' largest Member Firms.

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

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

Phil has also been actively involved in Finsia (previously known as the Securities Institute of Australia) where he was the lead lecturer in their core unit "Investment Analysis and Valuation" and has sat on The State Education Committee for the Institute of Chartered Accountants in Western Australia. He 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, online businesses, small cap ASX listed companies and NFP's.

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 was appointed Company Secretary of Countplus in June 2012.



# Directors' Report 2015

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 2015.

## 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
Michael Spurr	Managing Director/Chief Executive Officer/Chief Financial Officer	Appointed 10 August 2007 Resigned 13 January 2015
David Smith	Non-Executive Director	Appointed 6 September 2010 Resigned 24 November 2014
Donald Sharp	Independent Non-Executive Director	Appointed on 26 August 2010 Resigned 26 February 2015
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 16-17.

## 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 2015, and the number of meetings attended by each Director were:

Name	Directors' Meetings		Audit & Risk Committee		Acquisitions Committee		Remuneration & Nominations Committee	
	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Barry Lambert	Non-Executive Chairman	4 / 4		4 / 4 <sup>1</sup>	Member	3 / 3		1 / 1 <sup>1</sup>
Phillip Aris <sup>3</sup>	CEO / Managing Director	2 / 2		2 / 2 <sup>1</sup>	Member	1 / 1	Member	0 / 0
Philip Rix	Executive Director	4 / 4		4 / 4 <sup>1</sup>	Member	3 / 3		1 / 1 <sup>1</sup>
Graeme Fowler	Non-Executive Director	4 / 4	Chair	4 / 4	Chair	3 / 3	Member <sup>2</sup>	1 / 1
Michael Spurr <sup>4</sup>	Managing Director/CEO	2 / 2		2 / 2 <sup>1</sup>	Member	2 / 2		1 / 1 <sup>1</sup>
David Smith <sup>5</sup>	Non-Executive Director	2 / 2	Member	2 / 2	Member	2 / 2	Member	1 / 1
Donald Sharp <sup>6</sup>	Non-Executive Director	3 / 3	Member	3 / 3	Member	2 / 2	Member <sup>2</sup>	1 / 1

<sup>1</sup> Non-Members in attendance.

<sup>2</sup> Chair is appointed by rotation (Independent Non-Executive Directors).

<sup>3</sup> Phillip Aris was appointed as a Director on 14 January 2015.

<sup>4</sup> Michael Spurr resigned as a Director on 13 January 2015.

<sup>5</sup> David Smith resigned as a Director on 24 November 2014.

<sup>6</sup> Donald Sharp resigned as a Director on 26 February 2015.

## 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 and Officers

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

## Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton during or since the financial year.

## Principal Activities

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

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

## Declared Dividends

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

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2015	Fully Franked	Paid	2.0 (per fully paid share)	17 November 2014
2015	Fully Franked	Paid	2.0 (per fully paid share)	16 February 2015
2015	Fully Franked	Paid	2.0 (per fully paid share)	15 May 2015
2015	Fully Franked	Paid	2.0 (per fully paid share)	14 August 2015

## Financial Position & Review of Operations

For 2014/15, the Company reported a Consolidated Net Profit after Tax result of \$9.93 million (down 12.2%). The result includes a \$1.7 million fair value gain as required under the accounting standards on a property asset which was sold after balance date. Total profit attributable to shareholders was also \$9.93 million (down 14.1%). Diluted EPS fell by 11.1% to 9.01 cents per share.

The comparison figures for FY15 were negatively impacted by the run-off of the Commonwealth Bank of Australia (CBA) loyalty payments paid to subsidiaries who are franchisees of Count Financial. Excluding these now expired payments, the impact of a sale of a subsidiary business in the prior period and the one-off sale of the property asset, operating net profit before tax was up 5.9%.

	Jun-15	Jun-14	Normalised Change
	\$'000	\$'000	%
<b>Profit before tax (As per financials)</b>	<b>13,051</b>	<b>15,380</b>	
Gain on revaluation of investment property	(1,680)		
Loss on impairment of software	138		
Gain on disposal of subsidiary (LBM)		(676)	
Net loss contributed by subsidiary (LBM)		203	
Exclude loyalty income from Count Financial no longer receivable		(4,035)	
<b>Normalised Profit before tax</b>	<b>11,509</b>	<b>10,872</b>	<b>5.9%</b>

## Directors' Report 2015 continued

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 down slightly on the prior period (by 1.3%, after adjusting for the sale of a subsidiary in the prior period), reflecting continued challenging business conditions for SME businesses, which represent the core client base of the Group.

Net financial planning revenue was down 15.9% due to the elimination of the loyalty payments paid by CBA to franchisees of Count Financial Limited in FY14 (16 Member Firms are franchisees of Count Financial). After adjusting for the expired loyalty payments and the subsidiary sold by the Group during FY14, operating financial planning revenue was up 7.5% over the period and made up 22.6% of total net Group revenue.

Property related revenue contributed 6.1% of total Member Firm net revenue for the year (2014: 3.9%) and was up 18.9% on the prior period.

Excluding the impact of the sale of a Countplus subsidiary and the above mentioned ceased loyalty payments in the prior period, net operating revenue increased by 2.5%.

The largest expense item is employment costs which increased by 3.8% over the period, (excluding the impact of the sale of a subsidiary). Member Firm employment costs were up 3.0%, with head office costs associated with the new initiatives, BLUE789 Pty Ltd and ADVICE389 Pty Ltd, contributing to the total increase.

A commercial property asset held by our Melbourne based subsidiary, Property Investment Management (part of the Pacific East Coast subsidiary) was sold at auction after balance date. The asset has been revalued to its sale value less associated costs in these results, contributing a before tax fair value gain of \$1.7 million. This was considered to be a more appropriate reflection of the fair value of the property at 30 June 2015, in accordance with the fair value hierarchy set out in AASB13 Fair Value Measurement.

Share of profits from associates contributed \$0.89 million (up 158%) for the year and is primarily made up of the Group's share of profits from its 26% interest in a leading South Australian professional services firm, One Hood Sweeney Pty Ltd, acquired in October 2012. Also, during the year, the Group's financial planning dealer group, Total Financial Solutions (TFS) invested in 3 of its larger associated businesses.

Excluding the impact of the Count Financial loyalty payments and the sale of subsidiary from the prior period, operating profit increased by 2.4%.

Net debt as at 30 June 2015 was \$20.3 million compared to \$12.7 million in the prior period. The increased debt was brought about by the new acquisitions/investments and also the deferred consideration payments on previous period acquisitions. The financial position of the Group remains strong with a current ratio (current assets/current liabilities) of 1.8x at the end of the period.

### Dividends

Dividends of 8 cents per share were declared and paid for the 2014/15 financial year. The first quarterly dividend for the 2015/16 financial year of 2 cents per share fully franked, is payable on 16 November 2015 and was declared on 26 August 2015.

Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 6-9.

### 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 following acquisitions and investments were made:

- In July 2014, Countplus subsidiary Total Financial Solutions acquired a 40% interest in Wangaratta (VIC) based financial planning firm Financial Momentum.
- In September 2014, Countplus subsidiary Beames & Associates Accounting and Financial Services Pty Ltd acquired Canberra based professional services business, JDAA Accounting.



- In October 2014, Total Financial Solutions acquired a 49% interest in Melbourne based financial planning firm McQueen Wealth Management.
- In October 2014, Countplus increased its shareholding in associate firm, One Hood Sweeney Pty Ltd, from 22.9% to 25.85%.
- In January 2015, Countplus subsidiary Kidmans Partners Pty Ltd acquired Melbourne based accounting business, Harmon Partners.
- In March 2015, Total Financial Solutions acquired a 30% interest in Gisborne (VIC) based financial planning firm, Nixon Financial Services.
- In March 2015, the Company increased its shareholding in cloud based SMSF technology provider, Class Ltd (formerly Super-IP Pty Ltd) from 3.7% to 4.8% (the initial interest was acquired in October 2013). Countplus is now the largest institutional shareholder.

The Company also announced 2 new business initiatives during the year; BLUE789, a shared equity model for larger accounting firms that encourages Principals to maintain their entrepreneurial spirit and zeal, with firms retaining their brand, significant direct equity, and management control and ADVICE389, a shared equity model for financial planning businesses. Our AFSL licensee, Total Financial Solutions (one of our larger CUP subsidiaries), is expected to be the AFSL Licensee for ADVICE389 firms. Subsequent to end of the financial year, ADVICE389 made its first investment in Hunter Financial Planning, refer below.

In May 2015, the Company secured a new banking facility with Macquarie Bank Limited. This included an increased line of credit of \$30 million, replacing the existing facility with the Commonwealth Bank of Australia, as well as providing funding for Principals and senior employees to participate in the Direct Equity Plan (DEP). The DEP is the partial buy-back of existing CUP businesses by Member Firm Principals and approved employees. The increased line of credit, along with proceeds from the DEP will assist the funding of “Tuck-ins” or full acquisitions by existing Member Firms at the subsidiary level; BLUE789; and ADVICE389 in the near term.

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

### Matters Subsequent to the End of the Financial Year

On 5 August 2015, Victorian based subsidiary, Property Investment Management Ltd, sold its commercial property asset in Flinders Street, Melbourne for \$3.05 million. Settlement is due on 5 October 2015. The asset was revalued in the 2015 financial statements to the sale price net of associated costs, as this was considered to be a more appropriate reflection of the fair value of the property at 30 June 2015.

On 7 August, 2015, Countplus subsidiary ADVICE389 acquired a 40% interest in Newcastle (NSW) based financial planning firm Hunter Financial Planning Pty Ltd. Consideration for the purchase was \$2.75 million.

On 26 August 2015, Countplus Limited declared an interim dividend for 2015/16 of 2 cents per share payable on 16 November 2015 with the record date 29 October 2015.

The Company settled transactions with senior management and employees of 3 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 subsidiary firms to promote sustainable growth for both Countplus, and its businesses. The 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 40% interest in their business. Total consideration was \$1.46 million.

Other than the above, no matter or circumstance has arisen since 30 June 2015 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, but 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.

The new business initiatives; BLUE789 and ADVICE389, are expected to appeal strongly to successful professional service practices looking for a strong partner to facilitate growth and succession, while retaining branding and management control of strategy.

## **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 and 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 Meeting 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 the largest shareholder group and therefore have an interest in continuing to ensure their firm performs to a high standard. Member Firm employees may also qualify for further equity under the Company's Loan Funded Share Plan 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, the Institute of Chartered Accountants or the Institute of Public Accountants.

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

Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 6-9.

## Equity Plans

The Company operates 2 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 96,653 shares were issued to 117 employees in the 2015 allocation. The Board has committed to making this allocation to all employees annually subject to individual Member Firm profit growth performance.

The Company allocated 2,013,170 loan funded shares to 95 employees on 2 March 2015 under a Loan Funded Share Plan at a price of \$1.12 per share. Entitlements are allocated to subsidiary 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. 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 will be on 2 March 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 3,325,091 unissued ordinary shares under the loan funded share plan.

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

More information is included in the Remuneration Report page 24.

## 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 29.

## Rounding of Amounts

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



## 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 2014 Annual General Meeting

Countplus received more than 10% of "yes" votes on its remuneration report for the 2014 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. The increase in aggregate remuneration will be put to shareholders for approval.

### **Group Executives**

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

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

### **Member Firm Principals**

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.

### **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 Employee Loyalty Share Plan and Loan Funded Share Plan.

## **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 \$500,000 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 will be granted loan funded shares (LFS) up to a certain value. The value or total purchase price for the 2015 year will be \$354,166. 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.

The 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**

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

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

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

### **Company Performance and the Link to Remuneration**

The Company's remuneration policy aims to achieve a link between the remuneration received by Key Management Personnel and the creation of shareholder wealth. This is attained via the inclusion of an Earnings per Share (EPS) growth target criteria for the following performance linked initiatives: the entitlement to loan funded shares, future entitlements under the Company's 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 2014/2015 of \$13.05 million was down 15.1% from the previous financial year. Excluding loyalty payments paid by the Commonwealth Bank of Australia to franchisees of Count Financial in the Group (expired in the prior year) and a revaluation gain on a property asset in the current year (sold after balance date), net profit before tax increased 5.9% on the prior year. Net profit before tax is down 16.2% 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 2015 fell by 12.2% to \$9.93 million compared to prior year, and is 7.6% lower than in 2010/2011 (after adjusting for the non-cash consolidation gain).
- Diluted earnings per share for 2014/2015 fell by 11.1% from 10.13 cents per share to 9.01 cents per share. The Company's diluted earnings per share for 2010/2011 of 12.78 cents is not a meaningful comparison to the current period as the final acquisitions of subsidiaries and new share issues were only completed during that year.
- The Company declared and paid dividends of 8 cents per share for 2014/2015. The Company's share price has fallen over the financial year from \$1.76 at 30 June 2014 to \$1.09 at 30 June 2015. 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.

2015	Short-Term Employee Benefits			Post-Employment Services	Other Long-Term Benefits	Termination Benefits	Share-Based Payment	TOTAL
	Salary and Fees	Bonus	Other	Superannuation	Long Service Leave	Termination Benefits	Employee Loyalty Share Plan <sup>8</sup>	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Graeme Fowler <sup>1</sup>	65,000	0	0	6,175	0	0	0	71,175
Donald Sharp <sup>2</sup>	43,333	0	0	4,117	0	0	0	47,450
David Smith <sup>3</sup>	27,083	0	0	2,573	0	0	0	29,656
Barry Lambert <sup>4</sup> (Chairman)	122,713	0	2,083	11,658	0	0	0	136,454
<b>Executive Directors</b>								
Philip Rix (Executive Director) <sup>5</sup>	261,904	0	600	34,988	4,011*	0	0	301,503
Phillip Aris <sup>6</sup> (Managing Director/CEO)	400,926	225,168**	6,307	29,999	18,632*	0	0	681,032
Michael Spurr <sup>7</sup> (CFO, Former Managing Director/CEO)	241,938	0	8,273	22,984	5,935*	0	0	279,130
<b>TOTAL</b>	<b>1,162,897</b>	<b>225,168</b>	<b>17,263</b>	<b>112,494</b>	<b>28,578</b>	<b>0</b>	<b>0</b>	<b>1,546,400</b>

\*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 Mr Aris relating to his prior role of Chief Executive Officer of subsidiary firm, TFS Operations Pty Ltd.

2014	Short-Term Employee Benefits			Post-Employment Services	Other Long-Term Benefits	Termination Benefits	Share-Based Payment	TOTAL
	Salary and Fees	Bonus	Other	Superannuation	Long Service Leave	Termination Benefits	Employee Loyalty Share Plan <sup>8</sup>	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Graeme Fowler <sup>1</sup>	65,000	0	0	6,012	0	0	0	71,012
Donald Sharp <sup>2</sup>	65,000	0	0	6,012	0	0	0	71,012
David Smith <sup>3</sup>	65,000	0	0	6,012	0	0	0	71,012
<b>Executive Directors</b>								
Barry Lambert <sup>4</sup> (Chairman)	150,000	0	1,667	13,875	0	0	0	165,542
Philip Rix (Executive Director) <sup>5</sup>	262,982	0	600	24,326	11,160*	0	0	299,068
Michael Spurr <sup>7</sup> (Managing Director/CEO/CFO)	239,342	0	16,247	22,139	4,600*	0	0	282,328
<b>TOTAL</b>	<b>847,324</b>	<b>0</b>	<b>18,514</b>	<b>78,376</b>	<b>15,760</b>	<b>0</b>	<b>0</b>	<b>959,974</b>

\*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.

1 Graeme Fowler was appointed as a Director on 26 August 2010.

2 Donald Sharp was appointed as a Director on 6 September 2010 and resigned on 26 February 2015.

3 David Smith was appointed as a Director on 26 August 2010 and resigned on 24 November 2014.

4 Barry Lambert was appointed as a Director on 10 August 2007.

5 Philip Rix was appointed as a Director on 1 April 2012 and as Bentleys WA Principal on 10 January 2008.

6 Phillip Aris was appointed as a Director on 14 January 2015.

7 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 but remained Chief Financial Officer.

8 Key Management personnel were not part of the Employee Loyalty Share Plan.

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

### Disclosures Relating to Shares

Directors	Balance at the start of the year	Granted during the year	Purchased in FY15 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
Phillip Rix	1,044,252	0	0	1,044,252
Graeme Fowler	18,595	0	0	18,595

### Transactions with Key Management Personnel

In March 2015, the Company made a further investment of \$0.66 million in Class Ltd (formerly Super-IP Pty Ltd). Countplus currently holds a 4.8% interest in the Company. The Chairman of Countplus Limited, Barry Lambert is also the Chairman of Class Ltd, appointed to that position in November 2008. Mr Lambert and his related parties hold 184,148 ordinary shares in Class Ltd (0.17%). Mr Lambert is not involved in any decisions taken by the Company regarding its shareholding 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](http://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  
 30 September 2015

# Auditor's Independence Declaration



Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q600  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E info.nsw@au.gt.com  
W www.granthornton.com.au

## **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 2015, 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.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "C F Farley".

C F Farley  
Partner - Audit & Assurance

Sydney, 30 September 2015

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# Corporate Directory

30 June 2015

## Directors

**Barry Lambert**  
Chairman

**Phillip Aris**  
Managing Director and Chief Executive Officer

**Philip Rix**  
Executive Director

**Graeme Fowler**  
Independent Non-Executive Director

## Secretary

**Arlette Jubian**

## Principal Registered Office in Australia

Level 17  
Suite 02  
1 Margaret Street  
Sydney NSW 2000  
Telephone: +61 2 8488 4500

## Share Registry

**Computershare Investor Services Pty Ltd**  
Level 3  
60 Carrington Street  
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**

## Accountants

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

## Stock Exchange Listings

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

## Website Address

[www.countplus.com.au](http://www.countplus.com.au)

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenue from operating activities	2	122,014	122,519
Fees, commissions and related costs	2	(33,609)	(26,689)
<b>Total revenue</b>		<b>88,405</b>	<b>95,830</b>
<b>Other income</b>			
Gain/(loss) on deferred consideration	18	178	(217)
Gain on revaluation of investment property		1,680	–
Gain on disposal of subsidiary		–	676
Interest income		122	128
Other income		556	266
<b>Total other income</b>		<b>2,536</b>	<b>853</b>
Salaries and employee benefits expense	3	(56,444)	(58,238)
Amortisation expense	3	(2,804)	(3,157)
Depreciation expense	3	(1,175)	(1,125)
Premises expenses		(5,098)	(5,730)
Acquisition-related expenses		(271)	(236)
Loss on disposals		(138)	–
Share-based payment expense		(335)	(214)
Finance costs	3	(1,281)	(1,224)
Other operating expenses	3	(11,237)	(11,725)
<b>Total expenses</b>		<b>(78,783)</b>	<b>(81,649)</b>
Share of net profit of associates accounted for using equity method	15	893	346
<b>Profit from operations before income tax</b>		<b>13,051</b>	<b>15,380</b>
Income tax expense	4	(3,117)	(4,067)
<b>Net profit from operations after income tax</b>		<b>9,934</b>	<b>11,313</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will be reclassified to profit or loss when specific conditions are met:</b>			
Fair value movements for available-for-sale financial assets		–	600
Deferred tax on above		–	(180)
<b>Other comprehensive income for the year, net of income tax</b>		<b>–</b>	<b>420</b>
<b>Total comprehensive income for the year, net of income tax</b>		<b>9,934</b>	<b>11,733</b>
<b>Net profit is attributable to:</b>			
Owners of Countplus Limited		9,930	11,131
Non-controlling interests		4	182
		<b>9,934</b>	<b>11,313</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of Countplus Limited		9,930	11,551
Non-controlling interests		4	182
		<b>9,934</b>	<b>11,733</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for-profit from continuing operations attributable to the ordinary equity holders of the parent entity:</b>			
Basic earnings per share	34	9.01	10.14
Diluted earnings per share	34	9.01	10.13

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 2015

	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	6,087	8,174
Trade and other receivables	6	18,820	20,427
Loans and advances	7	502	183
Work in progress	8	5,129	5,550
Current tax receivable	11	274	–
		<b>30,812</b>	<b>34,334</b>
Assets classified as held for sale	9	2,954	–
<b>TOTAL CURRENT ASSETS</b>		<b>33,766</b>	<b>34,334</b>
<b>NON-CURRENT ASSETS</b>			
Loans and other receivables	6	2,069	1,865
Investments in associates	15	10,907	5,662
Investment property	13	–	1,250
Other investments	10	3,638	2,977
Property, plant and equipment	12	4,978	4,443
Intangible assets	14	50,080	49,230
<b>TOTAL NON-CURRENT ASSETS</b>		<b>71,672</b>	<b>65,427</b>
<b>TOTAL ASSETS</b>		<b>105,438</b>	<b>99,761</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	10,667	9,942
Interest bearing loans and borrowings	17	4	17
Current tax liabilities	11	–	752
Provisions	19	3,876	3,698
Other current liabilities	18	4,345	6,604
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,892</b>	<b>21,013</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	16	1,109	1,003
Interest bearing loans and borrowings	17	26,370	20,849
Deferred tax liabilities	11	2,327	3,023
Provisions	19	1,755	1,821
Other non-current liabilities	18	1,735	888
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,296</b>	<b>27,584</b>
<b>TOTAL LIABILITIES</b>		<b>52,188</b>	<b>48,597</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Contributed equity	20	121,554	121,111
Reserves	21	(67,070)	(67,413)
Retained earnings / (accumulated losses)	22	(1,899)	(2,824)
<b>Capital and reserves attributable to owners of Countplus Limited</b>		<b>52,585</b>	<b>50,874</b>
Non-controlling interests	23	665	290
<b>TOTAL EQUITY</b>		<b>53,250</b>	<b>51,164</b>

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 2015

	Note	Attributable to owners of Countplus Limited					Total \$'000	Non- controlling interests (NCI) \$'000	Total \$'000	
		Issued Capital \$'000	Treasury Shares* \$'000	Retained earnings / losses) \$'000	Share- Based Payment Reserve \$'000	Available- for-sale (AFS) Reserve \$'000				Acquisition Reserves \$'000
<b>Balance at 1 July 2013</b>		121,186	(730)	(637)	70	–	(68,127)	51,762	223	51,985
Profits for the year		–	–	11,131	–	–	–	11,131	182	11,313
Other comprehensive income		–	–	–	–	420	–	420	–	420
<b>Total Comprehensive Income for the year</b>		–	–	11,131	–	420	–	11,551	182	11,733
<b>Transactions with owners in their capacity as owners</b>										
Issue of shares***	20	2,198	(1,543)	–	–	–	–	655	–	655
Share-based payments for loan funded share plan	20	–	–	–	142	–	–	142	–	142
Application of dividends to loan funded share plan		–	–	–	82	–	–	82	–	82
Dividends provided for or paid**	24	–	–	(13,318)	–	–	–	(13,318)	(115)	(13,433)
<b>Balance at 30 June 2014</b>		123,384	(2,273)	(2,824)	294	420	(68,127)	50,874	290	51,164
<b>Balance at 1 July 2014</b>		123,384	(2,273)	(2,824)	294	420	(68,127)	50,874	290	51,164
Profits for the year		–	–	9,930	–	–	–	9,930	4	9,934
Other comprehensive income		–	–	–	–	–	–	–	–	–
<b>Total Comprehensive Income for the year</b>		–	–	9,930	–	–	–	9,930	4	9,934
<b>Transactions with owners in their capacity as owners</b>										
Issue of shares***	20	2,698	(2,255)	–	–	–	–	443	530	973
Share-based payments for loan funded share plan	20	–	–	–	228	–	–	228	–	228
Application of dividends to loan funded share plan		–	–	–	115	–	–	115	–	115
Dividends provided for or paid**	24	–	–	(9,005)	–	–	–	(9,005)	(159)	(9,164)
<b>Balance at 30 June 2015</b>		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 \$107,285 (2014: \$70,854).

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 2015

	Note	2015 \$'000	2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers (inclusive of goods and services tax)		137,819	131,302
Payments to suppliers and employees (inclusive of goods and services tax)		(120,370)	(112,889)
		17,449	18,413
Dividends received		279	–
Interest received		122	128
Interest paid		(1,281)	(1,224)
Income taxes paid		(4,981)	(6,419)
<b>Net cash inflow from operating activities</b>	33	<b>11,588</b>	10,898
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of property, plant and equipment		54	6
Proceeds from disposal of subsidiary		–	7,289
Purchase of equipment and other non-current assets		(2,117)	(1,970)
Payment for investments in CRH shares		(1,157)	–
Proceeds from disposal of CRH shares		1,329	–
Purchase of other non-current assets		(661)	(2,377)
Payments for acquisition of subsidiaries / business assets		(1,983)	(2,273)
Payments for investment in associated entities	15	(3,501)	(492)
Dividends/distributions received from associated entities		841	400
Payment for deferred consideration on acquisition of controlled entities and associates		(1,875)	(1,637)
Additional loans to related parties		(5)	–
<b>Net cash outflow from investing activities</b>		<b>(9,075)</b>	(1,054)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		39,482	11,528
Repayment of borrowings		(33,961)	(8,236)
Repayment of borrowings / hire purchase and lease liabilities		(6)	(307)
Proceeds from repayment of loan in respect of dividends received on loan funded shares		115	82
Payment of dividends to equity holders	24	(10,071)	(13,282)
Payment of dividends by controlled subsidiaries to non-controlling interests		(159)	(115)
<b>Net cash outflow from financing activities</b>		<b>(4,600)</b>	(10,330)
<b>Net (decrease) in cash and cash equivalents held</b>		<b>(2,087)</b>	(486)
Cash and cash equivalents at beginning of year		8,174	8,660
<b>Cash and cash equivalents at end of financial year</b>	5	<b>6,087</b>	8,174

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 2015

## 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 revenues are sourced in Australia.

## 2 Revenue

### (a) Revenue from operating activities

	2015 \$'000	2014 \$'000
Accounting services revenue	58,243	62,737
Financial services revenue	48,533	45,124
Commissions earned on property sale	9,686	9,147
Other property related income	873	817
Other operating revenue*	4,679	4,694
	<b>122,014</b>	122,519
<b>Fees, commissions and related costs</b>		
Fees and related costs	(28,446)	(21,265)
Commissions paid on property sale	(5,163)	(5,424)
	<b>(33,609)</b>	(26,689)
<b>Total revenue from ordinary activities</b>	<b>88,405</b>	95,830

\*Included in other income is the realised gain of \$171,493, from the sale of 3 million shares of Crowe Horwath Limited. This investment was sold on 6 January 2015 by Countplus subsidiary, Countplus FS Holdings Pty Ltd. Crowe Horwath was acquired by Findex Australia Pty Limited for a price of 44.3c per share and declared a dividend of 5.7c per share before sale. This dividend is separately included in the accounts under other income.

### (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

	2015 \$'000	2014 \$'000
<b>Depreciation</b>		
Office equipment	550	622
Leasehold improvements	70	46
Furniture & fixtures	301	281
Motor vehicles	22	24
Make good	156	48
Other	76	104
Total depreciation	1,175	1,125
<b>Amortisation</b>		
Acquired client relationships / adviser networks	2,558	2,860
Software	186	243
Other	60	54
Total amortisation	2,804	3,157
<b>Total depreciation and amortisation expense</b>	<b>3,979</b>	<b>4,282</b>
<b>Finance costs</b>		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	1,281	1,224
<b>Other expenses</b>		
<i>Professional, service and consulting fees</i>		
Audit fees	305	463
Legal fees	596	602
Service fees – Count Financial	83	200
Accounting and other professional fees	576	570
Total professional, service and consulting fees	1,560	1,835
<i>Other expenses</i>		
Bad and doubtful debts – trade receivables	668	1,039
Sales and marketing expenses	1,074	1,101
Administration expenses	3,486	3,688
Insurance expense	948	928
Technology expense	3,000	2,692
Net loss on disposal of property, plant and equipment	44	42
Other	457	400
Total other expenses	9,677	9,890
<b>Total other operating expenses from ordinary activities</b>	<b>11,237</b>	<b>11,725</b>
<b>Salaries and employee benefit expense</b>		
Wages, salaries and on costs	46,591	47,713
Post-employment benefit expenses	4,142	4,295
Other employee benefit expenses	5,711	6,230
<b>Total salaries and employee benefit expenses</b>	<b>56,444</b>	<b>58,238</b>

### 4 Income tax expense

#### (a) Income tax expense

	2015 \$'000	2014 \$'000
Current tax expense	4,009	5,391
(Over) provision – prior year	(24)	(433)
Deferred tax (benefit)	(868)	(891)
	3,117	4,067
Deferred income tax / (revenue) expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 11(d))	(232)	39
(Decrease) in deferred tax liabilities (note 11(f))	(636)	(930)
<b>Total</b>	<b>(868)</b>	<b>(891)</b>



## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

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

	2015	2014
	\$'000	\$'000
Profit from continuing operations before income tax expense	13,051	15,380
Australian tax rate	30%	30%
Tax amount at the Australian tax rate	3,915	4,614
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)	–
Non-deductible expenses	266	149
Non-taxable income	(47)	–
Non-taxable dividends	(316)	(97)
Gain/(loss) on deferred consideration adjustment	(52)	65
Benefit on trail commission	(43)	(44)
Other	1	3
(Profit) on disposal of subsidiary	–	(190)
	3,141	4,500
(Over) provision in prior years	(24)	(433)
<b>Total income tax expense</b>	<b>3,117</b>	<b>4,067</b>

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

	2015	2014
	\$'000	\$'000
Cash at bank and in hand	6,087	8,174

### (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

	2015	2014
	\$'000	\$'000
Trade receivables	14,665	16,512
Provision for impairment of trade receivables (note 6(c))	(2,210)	(1,877)
	12,455	14,635
Prepayments	1,067	933
GST receivable	–	101
Other receivables*	5,298	4,758
	18,820	20,427

\*Other receivables include \$1,995,000 (2014: \$1,231,000) on account of property commissions receivable by Kidmans PEC (KPEC). It also includes \$697,000 (2014: \$602,000) on account of commissions and margins on funds under management by Total Financial Solutions (TFS).

## (b) Ageing analysis of trade receivables

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

	2015	2014
	\$'000	\$'000
0 to 1 month	7,696	11,022
0 to 1 month CI <sup>^</sup>	83	14
1 to 3 months PDNI*	3,324	2,210
1 to 3 months CI <sup>^</sup>	26	27
3 to 6 months PDNI*	1,311	803
3 to 6 months CI <sup>^</sup>	235	224
Over 6 months PDNI*	124	600
Over 6 months CI <sup>^</sup>	1,866	1,612
	<b>14,665</b>	<b>16,512</b>

\*Past due but not impaired (\*PDNI)

<sup>^</sup>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 \$668,000 (2014: \$1,039,000) 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:

	2015	2014
	\$'000	\$'000
At 1 July	(1,877)	(1,465)
Bad and doubtful debts recognised during the year	(668)	(1,039)
Receivables written off during the year as uncollectible	335	627
At 30 June	<b>(2,210)</b>	<b>(1,877)</b>

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

	2015	2014
	\$'000	\$'000
Other receivables*	1,845	1,618
Interest bearing loans**	224	247
	<b>2,069</b>	<b>1,865</b>

\*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

	2015	2014
	\$'000	\$'000
Loans and advances	502	183

## 8 Current assets – Work in progress

	2015	2014
	\$'000	\$'000
Work in progress	5,546	6,044
Provision for write-off of work in progress	(417)	(494)
	<b>5,129</b>	<b>5,550</b>

## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

### (a) Ageing analysis of work in progress

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

	2015 \$'000	2014 \$'000
0 to 1 month	1,989	2,078
0 to 1 month PWO*	156	155
1 to 3 months CR^	1,207	1,445
1 to 3 months PWO*	113	96
Over 3 months CR^	1,933	2,027
Over 3 months PWO*	148	243
	<b>5,546</b>	<b>6,044</b>

\*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 \$417,000 (2014: \$494,000) has been recognised by the Group in the current year. Any provision for write-off recognised during the year is debited or credited to operating revenue in the income statement.

### (b) Movements in provision for write-off

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

	2015 \$'000	2014 \$'000
At 1 July	(494)	(342)
Provision for (write-off) / write back recognised during the year	77	(152)
At 30 June	<b>(417)</b>	<b>(494)</b>

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

## 9 Assets classified as held for sale

	2015 \$'000	2014 \$'000
<b>Assets held for sale</b>		
Investment property	2,954	–
<b>Total assets held for sale</b>	<b>2,954</b>	<b>–</b>

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. Settlement is due on 5 October 2015. In considering the requirements of AASB 13 Fair Value Measurement and specifically the fair value hierarchy, the sale price net of associated costs was deemed to be the most appropriate measure of fair value as at 30 June 2015. Consequently the asset was revalued up from \$1.25m at 30 June 2014 to \$2.954m at 30 June 2015. The investment property was reclassified as assets held for sale. Refer to note 13 for further details.

## 10 Other investments

Available-for-sale financial assets comprise:

	2015 \$'000	2014 \$'000
<b>Unlisted investments, at fair value</b>		
Other Investments	3,638	2,977
	<b>3,638</b>	<b>2,977</b>

Available-for-sale financial assets comprise of investments in the ordinary issued capital of Class Pty Limited (formerly known as Super IP Pty Ltd). The total investment represents approximately 4.8% (2014: 3.9%) of total shares on issue. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2015.

## 11 Tax liabilities

### (a) Current Tax Asset

	2015 \$'000	2014 \$'000
Current tax receivable	274	–

### (b) Current Tax Liabilities

	2015 \$'000	2014 \$'000
Provision for income tax	–	752

### (c) Deferred Tax Assets

	2015 \$'000	2014 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Provisions		
Bonus	36	57
Employee liabilities (annual leave and long service leave)	1,654	1,598
Bad and doubtful debts	663	563
Make good	94	61
Rent free period	46	65
Accruals	125	91
Depreciation	82	87
Loan establishment costs	31	9
ASX listing / equity raising costs	4	51
Tax losses	102	–
Other	52	–
Total deferred tax assets	2,889	2,582
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,889)	(2,582)
Net deferred tax assets	–	–

### (d) Movements in Deferred tax assets

	Equity raising cost \$'000	Other \$'000	Total \$'000
<b>At 1 July 2013</b>	174	2,425	2,599
(Charged)/credited to income tax expense	(123)	84	(39)
Deferred tax balance on acquisition of subsidiaries	–	22	22
<b>At 30 June 2014</b>	51	2,531	2,582
<b>At 1 July 2014</b>	51	2,531	2,582
(Charged)/credited to income tax expense	(48)	280	232
Increase/(decrease) in tax losses	–	75	75
<b>At 30 June 2015</b>	3	2,886	2,889



## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

### (e) Deferred tax liabilities

	2015 \$'000	2014 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Work in progress	2,002	1,665
Prepaid expenses	11	11
Adjustment to carrying value of investment in subsidiaries	–	129
Fair value intangible assets	2,803	3,306
Adjustment to carrying value of investment in associates	44	49
Adjustment to tax cost base on depreciation of asset due to tax consolidation	11	30
Other	165	235
Revaluation of other investments	180	180
<b>Total deferred tax liabilities</b>	<b>5,216</b>	<b>5,605</b>
Set-off of deferred tax assets pursuant to set-off provisions (refer note 11(c) above)	<b>(2,889)</b>	<b>(2,582)</b>
<b>Net deferred tax liabilities</b>	<b>2,327</b>	<b>3,023</b>

### (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
<b>At 1 July 2013</b>	131	4,307	1,498	–	2,237	8,173
Net deferred tax balance on acquisition of subsidiaries*	–	209	–	–	–	209
Deconsolidation of LBM	–	(310)	(463)	–	(60)	(833)
Unwinding DTL/Overprovision	–	–	(906)	–	(237)	(1,143)
Charged/(credited) to the income tax expense	(82)	(849)	–	–	1	(930)
Charged directly to equity (revaluation reserve)	–	–	–	180	–	180
Other adjustments	–	(51)	–	–	–	(51)
<b>At 30 June 2014</b>	<b>49</b>	<b>3,306</b>	<b>129</b>	<b>180</b>	<b>1,941</b>	<b>5,605</b>
<b>At 1 July 2014</b>	<b>49</b>	<b>3,306</b>	<b>129</b>	<b>180</b>	<b>1,941</b>	<b>5,605</b>
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)
<b>At 30 June 2015</b>	<b>44</b>	<b>2,803</b>	<b>–</b>	<b>180</b>	<b>2,189</b>	<b>5,216</b>

\*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
<b>At 30 June 2013</b>							
Cost	3,742	2,572	756	1,204	762	177	9,213
Accumulated depreciation	(1,410)	(986)	(290)	(279)	(467)	(56)	(3,488)
Net book amount	2,332	1,586	466	925	295	121	5,725
<b>Year 30 June 2014</b>							
Opening net book amount	2,332	1,586	466	925	295	121	5,725
Additions	389	182	82	159	72	32	916
Additions through acquisition of entity	41	12	–	–	–	–	53
Disposals – written down value	(10)	(20)	–	(2)	(13)	–	(45)
Transfers	10	(55)	–	–	35	–	(10)
Depreciation expense	(622)	(281)	(48)	(46)	(104)	(24)	(1,125)
Revaluation decrease recognised in income	–	–	(132)	–	–	–	(132)
Deconsolidation of LBM	(553)	–	(72)	(218)	(94)	–	(937)
Write-offs	(2)	–	–	–	–	–	(2)
Closing net book amount	1,585	1,424	296	818	191	129	4,443
<b>At 30 June 2014</b>							
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
<b>Year 30 June 2015</b>							
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
<b>At 30 June 2015</b>							
Cost	3,550	2,734	685	1,401	812	191	9,373
Accumulated depreciation	(1,730)	(1,341)	(261)	(347)	(624)	(92)	(4,395)
<b>Net book amount</b>	<b>1,820</b>	<b>1,393</b>	<b>424</b>	<b>1,054</b>	<b>188</b>	<b>99</b>	<b>4,978</b>

\* Refer to note 39(2) for further details.

## 13 Investment property

	Consolidated	
	2015 \$'000	2014 \$'000
Balance at the beginning of the year	1,250	1,250
Revaluation	1,704	–
Transfers to assets held for sale	(2,954)	–
<b>Balance at end of the year</b>	<b>–</b>	<b>1,250</b>

A subsidiary of Pacific East Coast Group, Property Investment Management Ltd has a commercial property asset ('Sign') which is 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 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(o) for accounting policy relating to investment property.

On 5 August 2015, Property Investment Management Ltd sold the 'Sign' for \$3.05 million. Settlement is due on 5 October 2015. In considering the requirements of AASB 13 Fair Value Measurement and specifically the fair value hierarchy, the sale price net of associated costs was deemed to be the most appropriate measure of fair value as at 30 June 2015. Consequently the asset was revalued up from \$1.25m at 30 June 2014 to \$2.954m at 30 June 2015. The investment property was reclassified as assets held for sale. Refer to note 9 for further details.

## Notes to the Consolidated Financial Statements continued

For the year ended 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
<b>At 30 June 2013</b>						
Cost	36,824	23,998	1,055	1,007	300	63,184
Accumulated amortisation and impairment	–	(9,394)	–	(496)	(47)	(9,937)
Net book amount	36,824	14,604	1,055	511	253	53,247
<b>Year 30 June 2014</b>						
Opening net book amount	36,824	14,604	1,055	511	253	53,247
Additions	–	111	–	348	686	1,145
Additions through acquisition of subsidiaries / business assets	2,579	690	–	4	–	3,273
Disposals	–	–	–	(1)	(1)	(2)
Deconsolidation of LBM	(4,202)	(1,033)	–	–	–	(5,235)
Adjustment of PPA including deferred taxes	119	(170)	–	–	–	(51)
Transfers from PPE	–	–	–	10	–	10
Amortisation	–	(2,860)	–	(243)	(54)	(3,157)
Closing net book amount	35,320	11,342	1,055	629	884	49,230
<b>At 30 June 2014</b>						
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
<b>Year 30 June 2015</b>						
Opening net book amount	35,320	11,342	1,055	629	884	49,230
Additions	–	425	–	127	85	637
Additions through business combinations	2,356	825	–	–	–	3,181
Disposals	–	–	–	(26)	–	(26)
Amortisation	–	(2,558)	–	(186)	(60)	(2,804)
Impairment loss in income	–	–	–	(138)	–	(138)
Closing net book amount	37,676	10,034	1,055	406	909	50,080
<b>At 30 June 2015</b>						
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

#### (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.

Nineteen of the twenty one member firms listed in note 30 are considered as separate CGUs, operating largely independently from other businesses in the Group. The carrying amount of goodwill and other intangibles allocated to CGUs are disclosed in the table below. Three of the nineteen CGUs are considered individually significant (2014: 3 CGUs) in comparison to the Group's total carrying amount. The remaining sixteen CGUs (2014: 16 CGUs) where the carrying amount of goodwill is not individually significant compared with the Group's total 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Goodwill	7,260	7,260	5,346	5,346	2,026	2,026	23,044	20,688	37,676	35,320
Acquired client relationships	7,131	6,736	1,806	1,806	324	324	14,446	13,591	23,707	22,457
IT software	108	73	–	–	51	–	979	1,287	1,138	1,360
Brand	–	–	–	–	1,055	1,055	–	–	1,055	1,055
Other intangibles	590	590	–	–	393	393	86	2	1,069	985
Accumulated amortisation	(3,280)	(2,594)	(1,240)	(1,038)	(302)	(208)	(9,743)	(8,107)	(14,565)	(11,947)
<b>Total</b>	<b>11,809</b>	<b>12,065</b>	<b>5,912</b>	<b>6,114</b>	<b>3,547</b>	<b>3,590</b>	<b>28,812</b>	<b>27,461</b>	<b>50,080</b>	<b>49,230</b>

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

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 3% growth rate. This method is used to assess impairment for the individually significant CGUs.

The fair value less cost to sell method is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the businesses in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal. A multiple of earnings before interest, tax and amortisation (EBITA) is used, assessed as comparable to the market trading multiples of similar businesses. This method is used to assess impairment for the CGUs that are not individually significant.

## (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 averages achieved by the CGUs in previous periods and management assessment over the forecast period. Average annual revenue growth assumed to be maintained between 3%p.a. and 5%p.a. over the 5 year period for all CGUs.

Employment expense ratios are based on averages achieved by the CGUs in previous periods and management assessment over the forecast period. These are calculated as employment costs as a percentage of net revenue. For the TFS Group, this is assumed to be maintained between 32% and 34% over the forecast period. For the other CGUs, this is assumed to be maintained between 50% and 70% over the forecast period.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate calculation is based on the specific circumstances of each CGU derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. A pre-tax discount rate of 17.97% 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 3% p.a. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations.

## (c) Sensitivity to changes in assumptions

### *For the TFS Group (acquired 30 September 2010):*

The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$10.1 million.

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

- If the Company's revenue declined by an average of 4.5% p.a. over the five year forecast period, it would result in recoverable value equating to the carrying value.
- If the Company's revenue declined by an average of 6.0% p.a. over the forecast period, an impairment of \$1.08 million would result.
- If the pre-tax discount rate applied to cash flows was increased to 25.40% p.a., it would result in recoverable value equating to fair value.
- If the pre-tax discount rate applied to cash flows was increased to 27.97% p.a., an impairment of \$1.45 million would result.

### *For Wearne & Co (acquired 16 August 2010):*

The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$0.81 million.

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

- If the Company's revenue declined by an average of 1.5% p.a. over the forecast period, it would result in recoverable value equating to the carrying value.
- If the Company's revenue declined by an average of 2% p.a. over the forecast period, an impairment of \$0.79 million would result.
- If the Company's employment ratio to revenue increased to 69.5% p.a. over the forecast period, it would result in recoverable value equating to the carrying value.
- If the Company's employment ratio to revenue increased to 71% p.a. over the forecast period, an impairment of \$0.49 million would result.
- If the pre-tax discount rate applied to cash flows was increased to 20.52% p.a., it would result in recoverable value equating to fair value.
- If the pre-tax discount rate applied to cash flows was increased to 22.97% p.a., an impairment of \$0.71 million would result.

### *For Kidmans PEC (KPEC) and the other CGUs:*

Management believes that no reasonable change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

## (d) Amortisation period of intangible assets other than Goodwill

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

Acquired client relationships	5 – 10 years
Adviser networks	10 – 12 years
Software	1 – 4 years
Brand	Indefinite life



## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### 15 Interests in associates

#### (a) Details of Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%) <sup>*</sup> 2015	Percentage Owned (%) <sup>*</sup> 2014
<b>Associates:</b>			
One Hood Sweeney Pty Ltd	Australia	26	23
My Accounts Pty Ltd	Australia	30	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	–
McQueen Financial Group Pty Ltd	Australia	49	–
Nixon Financial Services Pty Ltd	Australia	30	–

<sup>\*</sup>The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

In July 2014, Countplus subsidiary TFS Operations Pty Limited acquired a 40% share in Victorian based firm, Financial Momentum Vic Pty Ltd. ("Financial Momentum"). Consideration for the purchase is the sum of completion payment of \$840,000 adjusted for net assets, plus potential additional payment based on future financial performance in accordance with the share sale and purchase agreement.

In October 2014, Countplus subsidiary TFS Operations Pty Limited acquired a 49% share in Victorian based firm, McQueen Financial Group Pty Ltd ("McQueen"). Consideration for the purchase is the sum of completion payment of \$1,957,673 adjusted for net assets, plus potential additional payment based on future financial performance in accordance with the share sale and purchase agreement.

In October 2014, Countplus acquired a further 698,243 shares of One Hood Sweeney Pty Ltd ("Hood Sweeney") for \$672,688 from one of the investors. As a result, Countplus' interest in Hood Sweeney has increased from 23% to 25.85%. The consideration is payable 90% upfront and the balance to be settled within 12 months.

In March 2015, Countplus subsidiary TFS Operations Pty Limited acquired a 30% share in Victorian based firm, Nixon Financial Services Pty Ltd. ("Nixon"). Consideration for the purchase is the sum of completion payment of \$393,750 adjusted for net assets, plus potential additional payment based on future financial performance in accordance with the share sale and purchase agreement.

#### **One Hood Sweeney Pty Ltd**

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' new 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.

#### **My Accounts Pty Ltd**

My Accounts is a professional bookkeeping business with over 20 staff operating in Sydney, Melbourne and Brisbane. In May 2013, Countplus member firm, Change Accountants & Advisors (Change) acquired a 30% equity stake in My Accounts.

#### **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 and Melbourne, from where Homeport 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) took a 40% equity stake in Financial Momentum. This investment is strategic to the TFS Group's activities.

#### **McQueen Financial Group Pty Ltd**

McQueen 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) took a 49% equity stake in McQueen. This investment is strategic to the TFS Group's activities.

#### **Nixon Financial Services Pty Ltd**

Nixon 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) took 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 to the Consolidated entity in the form of cash dividends or to repay loans or advances made by the associate entities.

### (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 date and differences in accounting policies, rather than Consolidated entity's share.

Name of Associate	One Hood Sweeney Pty Limited		Financial Momentum Vic Pty Ltd		McQueen Financial Group Pty Ltd		Nixon Financial Services Pty Ltd	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Summarised consolidated statement of financial position</b>								
Current assets	3,845	4,791	351	–	287	–	208	–
Non-current assets	5,123	5,205	54	–	1,130	–	–	–
Current liabilities	(3,702)	(4,744)	(295)	–	(570)	–	(103)	–
Non-current liabilities	(474)	(474)	(422)	–	(1,058)	–	(47)	–
<b>Net assets / equity</b>	<b>4,792</b>	<b>4,778</b>	<b>(312)</b>	<b>–</b>	<b>(211)</b>	<b>–</b>	<b>58</b>	<b>–</b>
Percentage of Group's ownership	26%	23%	40%	– %	49%	– %	30%	– %
Group's share-based on the net assets calculated	1,238	1,098	(125)	–	(103)	–	17	–
Goodwill	4,840	4,244	1,149	–	3,113	–	631	–
	6,078	5,342	1,024	–	3,010	–	648	–
<b>Summarised consolidated statement of profit or loss and other comprehensive income</b>								
<b>Revenue</b>	<b>21,407</b>	<b>19,339</b>	<b>1,099</b>	<b>–</b>	<b>2,425</b>	<b>–</b>	<b>297</b>	<b>–</b>
Profit/(loss) from continuing operations	3,422	2,215	324	–	669	–	73	–
Group's share of profit/(loss) for the year	580	321	123	–	330	–	21	–

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

	2015 \$'000	2014 \$'000
<b>One Hood Sweeney Pty Limited</b>		
Opening balance	5,342	4,913
Interests acquired in associates	673	492
Share of profit	580	321
Dividends and distributions	(517)	(384)
<b>Carrying amount based on share in net assets of associate</b>	<b>6,078</b>	<b>5,342</b>
ACR amortisation accounted in Parent books	(80)	–
Carrying value as at 30 June	5,998	5,342
	2015 \$'000	2014 \$'000
<b>Financial Momentum Vic Pty Ltd</b>		
Opening balance	–	–
Interests acquired in associates	966	–
Share of profit	123	–
Dividends and distributions	(65)	–
<b>Carrying amount based on share in net assets of associate</b>	<b>1,024</b>	<b>–</b>
ACR amortisation accounted in Parent books	(37)	–
Carrying value as at 30 June	987	–
	2015 \$'000	2014 \$'000
<b>McQueen Financial Group Pty Ltd</b>		
Opening balance	–	–
Interests acquired in associates	2,924	–
Share of profit	330	–
Dividends and distributions	(244)	–
<b>Carrying amount based on share in net assets of associate</b>	<b>3,010</b>	<b>–</b>
ACR amortisation accounted in Parent books	(57)	–
Carrying value as at 30 June	2,953	–

## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
<b>Nixon Financial Services Pty Ltd</b>		
Opening balance	–	–
Interests acquired in associates	631	–
Share of profit	21	–
Dividends and distributions	(4)	–
<b>Carrying amount based on share in net assets of associate</b>	<b>648</b>	–
ACR amortisation accounted in Parent books	(4)	–
Carrying value as at 30 June	<b>644</b>	–

The associate had no contingent liabilities or capital commitments as at 30 June 2015 or 2014.

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

Consolidated Entity has interests in two other associates, none of which are considered individually material. The table below summarises, in aggregate, the financial information of all individually immaterial associates.

	2015 \$'000	2014 \$'000
Carrying amount of investments in associates that are not individually material		
Opening balance as 1 July	319	310
Share of profit	18	25
Distributions received	(12)	(16)
Closing balance as at 30 June	<b>325</b>	319

## 16 Trade and other payables

### (a) Current payables

	2015 \$'000	2014 \$'000
Trade payables	2,200	2,265
GST payable	1,945	2,159
Sundry payables and accrued expenses	4,554	4,266
Other payables	1,968	1,252
	<b>10,667</b>	9,942

### (b) Non-current payables

	2015 \$'000	2014 \$'000
Other payables*	<b>1,109</b>	1,003

\*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

	2015 \$'000	2014 \$'000
<b>Unsecured</b>		
Loans from related parties	2	9
<b>Total unsecured current loans and borrowings</b>	<b>2</b>	<b>9</b>
<b>Secured</b>		
Hire purchase liabilities (note 28)	2	8
<b>Total secured current loans and borrowings</b>	<b>2</b>	<b>8</b>
<b>Total current loans and borrowings</b>	<b>4</b>	<b>17</b>

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

	2015 \$'000	2014 \$'000
<b>Secured</b>		
Bank loans	26,370	20,849
<b>Total secured non-current loans and borrowings</b>	<b>26,370</b>	<b>20,849</b>

#### Financing arrangements

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

	2015 \$'000	2014 \$'000
Bilateral funding facility	30,000	25,000
	30,000	25,000
Total facilities	30,000	25,000
Used at balance date	(26,370)	(20,849)
Unused at balance date	3,630	4,151

In 2015, the non-current interest bearing loans and borrowings balance are made up of \$26.3 million borrowings from Macquarie Bank Limited which replaces the previous facility with the Commonwealth Bank in 2014 of \$20.8 million for the prior period. The limit for the revolving line of credit with Macquarie Bank is currently \$30 million (2014: \$25 million with the Commonwealth Bank) 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.

## 18 Other liabilities

### (a) Other current liabilities

	2015 \$'000	2014 \$'000
Provision for dividend	2,274	3,340
Deferred cash consideration for acquisition of subsidiaries*	492	1,348
Deferred equity consideration for acquisition of subsidiaries*	-	336
Deferred cash consideration for acquisition of associates	911	692
Other current liabilities	668	888
	<b>4,345</b>	<b>6,604</b>

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

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



## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

### 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 equity consideration for acquisition of subsidiaries* \$'000	Deferred cash consideration for acquisition of associates \$'000	Total \$'000
<b>Consolidated 2015</b>					
<b>Current</b>					
At 1 July 2014	3,340	1,348	336	692	5,716
Acquisition of subsidiaries	–	182	–	–	182
(Gain)/loss on deferred consideration	–	(178)	–	–	(178)
Transferred from non-current liabilities	–	317	–	67	384
Arising during the year	2,274	7	–	843	3,124
Payment made/shares issued during the year	(3,340)	(1,184)	(336)	(691)	(5,551)
<b>At 30 June 2015</b>	<b>2,274</b>	<b>492</b>	<b>–</b>	<b>911</b>	<b>3,677</b>
<b>Consolidated 2015</b>					
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
<b>Consolidated 2014</b>					
Current 2014	3,340	1,348	336	692	5,716
Non-current 2014 (refer note 18(b))	–	387	–	–	387
	3,340	1,735	336	692	6,103

\*Includes business assets acquired by member firms.

### (b) Other non-current liabilities

	2015 \$'000	2014 \$'000
Deferred cash consideration for acquisition of subsidiaries	265	387
Deferred cash consideration for acquisition of associates	782	–
Lease make good provision	688	501
	1,735	888

### 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 equity consideration for acquisition of subsidiaries* \$'000	Deferred cash consideration for acquisition of associates \$'000	Lease make good provision \$'000	Total \$'000
<b>Consolidated – 2015</b>					
<b>Non-current</b>					
At 1 July 2014	387	–	–	501	888
Acquisition of subsidiary	182	–	–	–	182
Payment / adjustment during the year	–	–	–	(117)	(117)
Arising during the year	13	–	849	304	1,166
Transferred to current liabilities	(317)	–	(67)	–	(384)
<b>At 30 June 2015</b>	<b>265</b>	<b>–</b>	<b>782</b>	<b>688</b>	<b>1,735</b>

\*Includes business assets acquired by member firms.

## 19 Provisions

### (a) Current provisions

	2015 \$'000	2014 \$'000
Provision for cash bonus	120	192
Employee benefits – annual leave	2,122	1,742
Employee benefits – long service leave	1,634	1,764
	<b>3,876</b>	3,698

### (b) Non-current provisions

	2015 \$'000	2014 \$'000
Employee benefits – long service leave	1,755	1,821

## 20 Contributed equity

### (a) Share capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Fully paid – ordinary shares (b)	113,711,933	111,323,461	124,748	122,050
Capital contribution	–	–	1,955	1,955
ASX listing cost	–	–	(586)	(586)
Issued capital held by loan funded share plan (LFSP) (d)	–	–	(4,528)	(2,273)
Loan funded share plan establishment costs	–	–	(35)	(35)
	<b>113,711,933</b>	111,323,461	<b>121,554</b>	121,111

### (b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price \$	\$'000
1 July 2013	Opening balance	110,125,869		119,852
31 October 2013	Shares issued for part consideration for acquisition of PEC Group	213,930	1.79	384
15 January 2014	Shares issued for loan funded share plan	825,032	1.87	1,543
10 April 2014	Shares issued for part of consideration for acquisition of Mark Kenmir	119,047	1.68	200
28 April 2014	Shares issued for employee loyalty share plan	39,583	1.79	71
30 June 2014	Closing balance	111,323,461		122,050
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 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

### (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 to note 35).

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### (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 \$26.3m was drawn as at 30 June 2015. This facility is expected to increase to assist in funding investments in professional services firms under the Company's new models, BLUE789 and ADVICE389. Future acquisitions and investments will also 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 50% and 70%. Management will consider varying the amount of dividends paid having regard to economic and industry conditions as well as acquisition requirements. Dividends are paid quarterly. Dividends paid and declared during 2015 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, referred to as the Employee Loyalty Share Plan).

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

## 21 Reserves

### (a) Reserves

	2015 \$'000	2014 \$'000
<i>Acquisition reserves</i>	(68,127)	(68,127)
Share-based payment reserve	637	294
Available-for-sale (AFS) reserve	420	420
	<b>(67,070)</b>	<b>(67,413)</b>

### (b) Movements in reserves

	2015 \$'000	2014 \$'000
<i>Acquisition reserves</i>		
At 1 July	(68,127)	(68,127)
Acquisition of non-controlling interests	-	-
At 30 June	<b>(68,127)</b>	<b>(68,127)</b>
<i>Share-based payment reserve</i>		
At 1 July	294	70
Share-based payment for loan funded share plan	228	142
Application of dividends to loan funded share plan	115	82
At 30 June	<b>637</b>	<b>294</b>
<i>Available-for-sale reserve</i>		
At 1 July	420	-
Fair value gain on revaluation of Available-for-sale asset	-	600
Deferred tax on above	-	(180)
At 30 June	<b>420</b>	<b>420</b>
<b>Total reserves</b>	<b>(67,070)</b>	<b>(67,413)</b>

### (c) 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, see accounting policy note 39(i)(iv) for details.

## 22 Retained earnings/(accumulated losses)

	2015	2014
	\$'000	\$'000
At 1 July	(2,824)	(637)
Net profit for the year	9,930	11,131
Dividends paid and / or proposed	(9,005)	(13,318)
At 30 June	(1,899)	(2,824)

## 23 Non-controlling interest

	2015	2014
	\$'000	\$'000
<b>Reconciliation of non-controlling interest in controlled entities</b>		
At 1 July	290	223
Additional capital issued to NCI during the year	530	–
Share of operating profit	4	182
Dividends paid by subsidiaries to non-controlling interests	(159)	(115)
At 30 June	665	290

## 24 Dividends

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

	2015	2014
	\$'000	\$'000
<b>Dividends paid during the year</b>		
Interim dividend fully franked based on tax paid at 30%, ordinary dividend paid for the year ended 30 June 2015 of 6.0 cents (2014: 9.0 cents) per share	6,731	9,978
<b>Dividends proposed and recognised as liability</b>		
Final dividend fully franked based on tax paid at 30%, ordinary dividend for the year ended 30 June 2015 of 2.0 cents (2014: 3.0 cents) per share	2,274	3,340
<b>Total dividends paid or provided for during the year</b>	<b>9,005</b>	<b>13,318</b>

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

Interim franked dividend based on tax paid at 30%, for the year ending 30 June 2016 of 2.0 cents (2015: 2.0 cents) per share to be paid on 16 November 2015	2,274	2,226
	<b>2,274</b>	<b>2,226</b>

### (c) Franking account balance

	2015	2014
	\$'000	\$'000
The franking credits available for subsequent financial years at a tax rate of 30%	2,308	2,392

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

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### 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 (appointed as a Managing Director and CEO from 14 January 2015)

Michael Spurr (resigned as a Managing Director and CEO on 13 January 2015)

Philip Rix

(iii) *Non-Executive Directors*

Graeme Fowler

David Smith (resigned as a Non-Executive Director on 24 November 2014)

Donald Sharp (resigned as a Non-Executive Director on 26 February 2015)

#### (b) Key management personnel compensation

	2015	2014
	\$	\$
Short-term employee benefits	1,405,328	865,838
Post-employment benefits	112,494	78,376
Long-term benefits	28,578	15,760
	<b>1,546,400</b>	<b>959,974</b>

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.

	2015	2014
<b>Directors</b>		
Barry Lambert	5,398,062	5,398,062
Phillip Aris	80,143	–
Michael Spurr (Refer (a) above)	–	35,000
Philip Rix	1,044,252	1,044,252
Graeme Fowler	18,595	18,595
Donald Sharp (Refer (a) above)	–	50,000
David Smith (Refer (a) above)	–	15,000

#### (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 Pty Limited (formerly Super IP 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 Pty Limited, appointed to that position in November 2008. Mr Lambert and his related parties hold 184,148 ordinary shares in Class Pty Limited (0.17%). The Chairman does not participate or bear any kind of influence in decisions relating to investments in Class Pty Ltd.

On 9 May 2014, Countplus Limited acquired a further 82,500 shares at \$2.75 per share in Class Pty Limited.

On 5 March 2015, Countplus Limited acquired a further 264,385 shares at \$2.50 per share in Class Pty Limited.

Please note that on 15 June 2015 Class Pty Ltd executed a share split of 4 shares for every 1 share held of equivalent value. Post the split, the total number of shares held by Countplus in Class Pty Ltd is 5,387,540.

The total investment represents approximately 4.8% (2014: 3.9%) of total shares on issue.

No other transactions were involved with key management personnel during the financial year 2015.



## 26 Remuneration of Auditors

	2015 \$	2014 \$
<b>Ernst &amp; Young</b>		
<i>Audit services</i>		
Audit and review of financial reports	–	443,021
Total remuneration for audit and other services	–	443,021
<i>Non-audit services</i>		
Fees for changing auditors	7,000	–
<b>Total remuneration of Ernst &amp; Young</b>	<b>7,000</b>	<b>443,021</b>
<b>Grant Thornton</b>		
<i>Audit services</i>		
Audit and review of financial reports	269,000	–
<i>Non-audit services</i>		
Other services	–	–
<b>Total remuneration of Grant Thornton</b>	<b>269,000</b>	<b>–</b>

## 27 Contingencies

### Contingent liabilities

#### Guarantees

Guarantees given in respect of leases and premises amounted to \$896,682 (2014: \$648,092) for the Group. No material losses are anticipated in respect of these guarantees.

## 28 Commitments

### (a) Capital commitments

	2015 \$'000	2014 \$'000
<i>Property, plant and equipment</i>		
Payable:		
Within one year	–	31
Later than one year but not later than five years	–	–
	–	31
<i>Intangible assets</i>		
Payable:		
Within one year	–	–
	–	–
Total capital commitments	–	31

### (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.

	2015 \$'000	2014 \$'000
Minimum lease payments under non-cancellable operating leases:		
Within one year	3,819	3,282
Later than one year but not later than five years	9,190	4,704
Later than five years	88	402
	<b>13,097</b>	<b>8,388</b>

#### (ii) Finance leases

As at the reporting date, the Group has no finance lease liabilities (2014: \$nil).

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### (c) Hire purchase commitments

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

	2015 \$'000	2014 \$'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	2	8
Later than one year but not later than five years	–	–
Minimum payments	2	8
Future finance charges	–	–
Total liabilities	2	8
Representing hire purchase liabilities:		
Current (note 17)	2	8
Non-current (note 17)	–	–
	2	8

### (d) Remuneration commitments

	2015 \$'000	2014 \$'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 as follows:		
Within one year	938	887
Later than one year and not later than five years	822	1,375
	1,760	2,262

## 29 Related party transactions

### (a) Parent entities

The parent entity within the Group is Countplus Limited.

Count Financial has an ownership interest in Countplus Limited of 36.01% as at 30 June 2015 (2014: 36.8%). Count Financial 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:

	2015 \$	2014 \$
<i>Sales of goods and services</i>		
Net fees and commissions received from Count Financial	15,342,322	15,327,864
Loyalty payments from Count Financial	–	4,121,163
	15,342,322	19,449,027

Sixteen of the twenty one subsidiaries (after disposal of LBM in December 2013) of the Group were franchisees of Count Financial during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial is income received by Countplus Limited under a "Relationship Deed" agreement.

Countplus Limited entered into a "Relationship Deed" agreement with Count Financial Limited on 4 November 2010. Count Financial granted Countplus "Most Favoured Nation Status" (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the Countplus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other member of the Count Group. Count will pay Countplus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of Countplus FUM with that Platform Provider. Count will pay Countplus 50% of any revenue received from an Asset Financier in relation to Asset Financing for Countplus' clients, customers and associates. Countplus received fees and commissions of \$1,906,935 (2014: \$1,735,363) from Count Financial in accordance with the terms set out in the Relationship Deed.

There are no loyalty payments received from Count Financial during the current 2015 financial year (2014: \$4,121,163). These previously received loyalty payments were in accordance with the methods defined under the Loyalty Payment Framework which was established as a result of the takeover of Count Financial by the Commonwealth Bank of Australia. Under the framework, Count franchisees were entitled to receive a loyalty payment calculated based on their contribution to Count Financial's income. Sixteen subsidiaries of the Group are franchisees of Count Financial and therefore received these payments.

	2015	2014
	\$	\$
<i>Other transactions</i>		
Service fee – Count Financial	83,330	200,000
	<b>83,330</b>	200,000
<i>Premises expenses<sup>1</sup></i>		
Bakery Mews Property Trust <sup>2</sup>	55,648	51,500
Bartonwood Pty Ltd <sup>3</sup>	87,363	151,495
Catalyst Finance Pty Ltd <sup>4</sup>	190,962	187,718
The Southport Unit Trust <sup>5</sup>	241,757	230,277
Rosebead Pty Ltd <sup>6</sup>	54,198	54,721
Brinfields Superannuation Fund <sup>7</sup>	66,827	65,000
	<b>696,755</b>	740,711

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 CP1. Peak Financial Group Pty Ltd is trustee of Nicholson SMSF (owned by former principal of Peak Financial, 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.

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 still provides consulting services to the entity. The payment is made from 1 July 2014 up to 31 January 2015.

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 wholly owned 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 wholly owned 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 360FA, Jonathan Ritchie and Wendy Ritchie. The SMSF also owns 100% of the issued units in a Trust which owns the other 20%.

## (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:

	2015	2014
	\$	\$
<i>Current receivables</i>		
– Receivable from Count Financial Limited	668,998	3,711,105
<i>Current payables</i>		
– Payable to Count Financial Limited	283,330	200,000

### Current receivables

The above current receivable from Count Financial Limited does not include any loyalty payments (2014: \$3,355,000). It consists of rebate receivable of \$668,998 (2014: \$356,105). 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 Financial (Count) under a service agreement. Countplus (Parent) entered into a service agreement with Count in November 2010 under which Count provides services to the parent including shared office space, furniture, computer hardware and software, IT services and support. It is included in current 'Trade and other payables' in note 16. Parent moved its offices in December 2014 and hence the service fees are accounted up to November 2014.

## (f) Directors' interests in Other Investments

In November 2014 and December 2014 (various dates), Countplus Non-Executive Director, Donald Sharp acquired an additional 100,000 fully paid ordinary shares in Countplus Limited bringing the total number of Countplus shares held by him to 150,000 shares. Mr Sharp resigned as a Non-Executive Director on 26 February 2015.

On 13 January 2015, Michael Spurr ceased to act as a Director of Countplus Limited. The total number of shares held by Mr Spurr was 35,000 shares.

On 14 January 2015, Countplus CEO, Phillip Aris was appointed as a Director of Countplus Limited. Phillip Aris holds 58,596 fully paid shares in Countplus Limited and 21,547 fully paid shares are held by Aris & Associates Pty Ltd as trustee for The Phillip Aris Super Fund. This is the self managed super fund set up by Phillip Aris.

## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

### 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 (%)** 2015	Percentage Owned (%)** 2014
1 The MBA Partnership Pty Ltd*	Australia	100.0	100.0
• Digital O2 Pty Ltd (formerly 888 Corporate Pty Ltd)	Australia	100.0	100.0
• MBA FS (Rawsons) Pty Ltd	Australia	70.0	70.0
2 Twomeys Pty Ltd (formerly HMA Twomeys Pty Ltd)*	Australia	100.0	100.0
• Countplus National Audits	Australia	100.0	–
3 Bentleys (WA) Pty Ltd*	Australia	100.0	100.0
4 Beames & Associates Accounting and Financial Services Pty Ltd*	Australia	87.5	100.0
• Cooma Accounting and Financial Services Pty Ltd	Australia	87.5	100.0
5 Specialised Business Solutions Pty Ltd*	Australia	100.0	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	100.0	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	100.0
• ChangeGPS Pty Ltd (formerly Count GPS Pty Ltd)	Australia	100.0	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	–
21 ADVICE389 Pty Ltd	Australia	100.0	–

\* These subsidiaries (member firm Groups) are separate cash generating units.

\*\* The class of shares acquired for all the subsidiaries is ordinary shares.

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

#### (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) Subsidiaries with material non-controlling interests

None of the subsidiaries have a non-controlling interests that are material to the Group.

#### (c) 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.

#### (d) Disposal of a subsidiary that results in loss of control

There was no disposal of any interests in subsidiaries during the year ending 30 June 2015.

## 31 Business Combinations

### (a) Current period

#### Summary of acquisitions

In September 2014, Countplus subsidiary Beames & Associates Accounting and Financial Services Pty Ltd acquired the business assets of a Canberra accounting firm, JDAA Accounting Pty Ltd. The purchase consideration of \$1,058,528 was settled in full at completion.

In January 2015, Countplus subsidiary Kidmans Partners Pty Ltd entered into a sale and purchase agreement to acquire the accounting business and accounting assets of Melbourne based firm, Harmon Partners. The purchase consideration is expected to be \$1,818,000, settled in 4 instalments.

	John Dormer & Associates (JDAA) Fair value \$'000	Harmon Partners Fair value \$'000
<b>Contribution since acquisition</b>		
Gross revenue	953	572
Net profit	373	163
<b>Assets and liabilities acquired</b>		
Office equipment	6	–
Furniture & Fittings	12	–
Acquired Client Relationships	102	723
<b>Total assets</b>	<b>120</b>	<b>723</b>
Provisions	(59)	(13)
Deferred tax liabilities	(31)	(217)
<b>Total Liabilities</b>	<b>(90)</b>	<b>(230)</b>
Fair value of identifiable net assets	30	493
Goodwill arising on acquisition	1,029	1,325
<b>Acquisition date fair value</b>	<b>1,059</b>	<b>1,818</b>
Cash paid	529	1,454
Deferred cash consideration*	–	364
Deferred equity consideration	530	–
<b>Total Consideration</b>	<b>1,059</b>	<b>1,818</b>

\*Refer to note 40(e).

The fair value of assets and liabilities acquired in these business combinations has been determined based on available information at the time 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.

### (b) Contribution of entities acquired during the period

The above listed acquisitions made during financial year 2015 contributed gross revenue and net profit of \$1,525,080 and \$536,346 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 \$2,326,387 and \$732,414 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

- (i) 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.
- (ii) On 5 August 2015, Victorian based subsidiary, Property Investment Management Ltd (part of the Pacific East Coast group) sold its commercial property asset in Flinders Street, Melbourne for \$3.05 million. Settlement is due on 5 October 2015. The sale price net of associated costs has been used to estimate the fair value of the asset at year end.
- (iii) 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.
- (iv) On 7 August 2015, Countplus subsidiary ADVICE389 acquired 40% share in NSW based firm, Hunter Financial Planning Pty Ltd. Consideration for purchase was \$2.75m paid in cash on settlement.
- (v) On 26 August 2015, Countplus Limited declared an interim dividend for 2015/16 of 2 cents per share payable on 16 November 2015 (record date: 29 October 2015).
- (vi) 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.



## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

The financial report was authorised for issue on 30 September 2015 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:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

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

	2015	2014
	\$'000	\$'000
Net profit from operations after income tax for the year	9,934	11,313
Non-cash flows in profit:		
Depreciation and amortisation	3,979	4,282
Employee loyalty share plan / Share-based payments	335	214
Bad debt written off / provision for impairment of receivables	333	412
(Gain)/loss on deferred consideration	(178)	217
Share of associates' net profits	(893)	(346)
Gain on disposal of CRH shares	(172)	–
Gain on revaluation of sign	(1,704)	–
Net loss on disposal of assets	44	42
Write-offs of non-current assets	138	2
(Gain)/loss on revaluation of Make Good	(99)	132
Net gain on deconsolidation of LBM	–	(676)
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	751	(3,742)
Decrease/(increase) in work in progress	421	(387)
Increase in trade and other payables	630	2,248
(Decrease) in income taxes payable	(1,027)	(469)
(Decrease) in net deferred taxes liabilities	(944)	(2,034)
Increase/(decrease) in employee and other provisions	40	(310)
Net cash inflow from operating activities	11,588	10,898

### 34 Earnings per Share

#### (a) Earnings per share

	2015	2014
	Cents	Cents
Basic earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	9.01	10.14
Diluted earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	9.01	10.13

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

	2015	2014
	\$'000	\$'000
Profit from continuing operations	9,934	11,313
Profit attributable to non-controlling equity interest in respect of continuing operations	(4)	(182)
Earnings used to calculate basic and diluted EPS from continuing operations	9,930	11,131

#### (c) Earnings used to calculate overall earnings per share

	2015	2014
	\$'000	\$'000
Profit attributable to the ordinary owners of the Company used in calculating basic and diluted EPS	9,930	11,131

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

	2015	2014
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	110,197,581	109,815,090
Loan funded share plan	11,811	24,298
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	110,209,392	109,839,388

## 35 Share-based payment plans

### a(i) Loan funded share plan

Long-term incentive awards are delivered to employees in the form of a loan funded share plan (LFSP). Under the plan, employees who have contributed to Group performance may be granted an allocation of loan funded shares which are held on their behalf by an employee share trust. The LFSP is fully funded by a non-recourse interest free loan, over a maximum of 5 years, provided by the Company. LFSP shares are held by the trust until the vesting conditions are satisfied and the loan is repaid. The shares will normally vest with the employee when the participant remains in continuous employment with the subsidiary for a period of 3 years commencing on the grant date. Additional performance based vesting conditions applies to Directors of subsidiaries. Unvested shares held by the trust are owned by the Consolidated entity and recorded at cost in the consolidated statement of financial position within equity as treasury shares (see note 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 shares issued up to the year ended 30 June 2015 are as follows:

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	–
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	–

### a(ii) Weighted average fair value of LFSP granted

The weighted average fair value of the LFSP 2015 granted during the year was \$0.2146. These values were calculated by using a binomial model applying the following inputs:

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

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 \$77,517 (2014: \$95,940) and the remaining contractual life for the shares issued in the plan is 2.5 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 2013. 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 2015 is the adjusted balancing amount to arrive at the correct cumulative balance as at 30 June 2015.

The share-based payment expense associated with the LFSP 2014 was \$101,091 (2014: \$45,975) and the remaining contractual life for the shares issued in the plan is 3.5 years.

The share-based payment expense associated with the LFSP 2015 was \$48,800 and the remaining contractual life for the shares issued in the plan is 4.67 years.

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

### (b) Employee loyalty equity plan

On 29 June 2015, 96,653 shares (2014: 39,583 shares) were issued to 117 employees (2014: 78 employees) at an issue price of \$1.11 per share (2014: \$1.79 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 \$107,285 (2014: \$70,854).

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### 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, borrowings, trade and other payables. The Group also holds Other Investments (available-for-sale investments). 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 – Available-for-sale (AFS) financial assets'. These consist of investments in shares of Class Pty Ltd (Formerly Super IP Pty Ltd). These Other Investments are valued at observable market price. 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 \$3,638,000 (2014: \$2,977,000). A decrease of 10% in observable market price would reduce the AFS reserve by \$255,000 (2014: \$208,000). An increase of 10% in the observable market price would increase the AFS reserve by \$255,000 (2014: \$208,000).

##### (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 November 2012, Countplus entered into a variable rate, 3 year interest only, bill facility with a facility limit of \$20m. In November 2013, this limit was increased to \$25m. The bill rate is variable and is based on the indicative BBSY (Bid) Rate with the actual bill rate determined on the day preceding drawdown date. As at reporting date, \$3.6m of the facility remains undrawn. This facility is with the Commonwealth Bank of Australia. 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 2015, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015 \$'000	2014 \$'000
Change in profit		
+2% (200 basis points)	(324)	(200)
-1% (100 basis points)	162	100

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

The movements in profit are due to higher/lower interest income from cash balances and higher/lower interest expense incurred on loans with variable rate of interest. The company has not entered into any hedging arrangements so there would be no changes to the equity balances.

#### (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 described in note 27).

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:

	2015 \$'000	2014 \$'000
<b>Floating rate</b>		
Expiring within one year	–	–
Expiring beyond one year	3,630	4,151
<b>Total</b>	<b>3,630</b>	<b>4,151</b>

#### 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Financial Liabilities:</b>										
Trade and other payables	(9,824)	(9,733)	(843)	(209)	(1,109)	(1,003)	–	–	(11,776)	(10,945)
Borrowings	(4)	(12)	–	(5)	(26,370)	(20,849)	–	–	(26,374)	(20,866)
Provision for cash bonus	(120)	(192)	–	–	–	–	–	–	(120)	(192)
Other liabilities										
Provision for dividend	(2,274)	(3,340)	–	–	–	–	–	–	(2,274)	(3,340)
Deferred cash consideration	(1,112)	(1,927)	(291)	(113)	(1,047)	(387)	–	–	(2,450)	(2,427)
Deferred equity consideration	–	(336)	–	–	–	–	–	–	–	(336)
Other current liabilities	(668)	(888)	–	–	–	–	–	–	(668)	(888)
<b>Total Financial Liabilities</b>	<b>(14,002)</b>	<b>(16,428)</b>	<b>(1,134)</b>	<b>(327)</b>	<b>(28,526)</b>	<b>(22,239)</b>	<b>–</b>	<b>–</b>	<b>(43,662)</b>	<b>(38,994)</b>

### 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
<b>2015</b>				
<b>Financial assets</b>				
Other investments*	–	3,638	–	3,638
Investment property	2,954	–	–	2,954
	2,954	3,638	–	6,592
<b>Financial liabilities</b>				
Deferred cash consideration	–	–	(2,450)	(2,450)
Deferred equity consideration	–	–	–	–
	–	–	(2,450)	(2,450)
<b>Total</b>	<b>2,954</b>	<b>3,638</b>	<b>(2,450)</b>	<b>4,142</b>

\*During the FY 2015, Countplus FS Holdings Pty Limited invested in 3 million shares of Crowe Horwath Limited at a cost of \$1,157,000. They were accounted at fair value in the accounts. On 6 January 2015, as a part of scheme of arrangement, these shares were sold to Findex Australia Pty Ltd for 44c per share (amounting to \$1,329,000). Before acquisition a special dividend of 5.7c per share was declared and paid to shareholders amounting to \$171,000 was also declared and paid to the shareholders of Crowe Horwath.

## Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2014</b>				
<b>Financial assets</b>				
Other investments	–	2,977	–	2,977
Investment property	–	1,250	–	1,250
	–	4,227	–	4,227
<b>Financial liabilities</b>				
Deferred cash consideration	–	–	(2,427)	(2,427)
Deferred equity consideration	–	–	(336)	(336)
	–	–	(2,763)	(2,763)
<b>Total</b>	<b>–</b>	<b>4,227</b>	<b>(2,763)</b>	<b>1,464</b>

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 over the past 7 months, 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. Reasonable possible changes in assumptions will not change fair value significantly, with the exception of:

- If the FY 2016 operating profit for Financial Momentum Vic Pty Ltd declines by 10% compared to the current forecast, a reduction of \$147,360 in deferred consideration would result.
- If the FY 2016 operating profit for Financial Momentum Vic Pty Ltd increases by 10% compared to the current forecast, an increase of \$144,330 in deferred consideration would result.
- If the FY 2016 operating profit for McQueen Financial Group Pty Ltd declines by 10% compared to the current forecast, a reduction of \$181,021 in deferred consideration would result.
- If the FY 2016 operating profit for McQueen Financial Group Pty Ltd increases by 10% compared to the current forecast, an increase of \$454,803 in deferred consideration would result.
- If the FY 2016 operating profit for Nixon Financial Services Pty Ltd declines by 10% compared to the current forecast, a reduction of \$138,542 in deferred consideration would result.
- If the FY 2016 operating profit for Nixon Financial Services Pty Ltd increases by 10% compared to the current forecast, a reduction of \$28,737 in deferred consideration would result.

The maximum potential payment for deferred consideration is \$3,071,000 (2014: \$2,763,000).

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:

	2015 \$'000
Balance at beginning of year	(2,763)
<b>Total gains or losses for the year</b>	
Gain/(loss) on deferred consideration recognised in profit or loss	178
<b>Other movements</b>	
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during the year	(2,076)
Shares issued for settling deferred equity consideration	336
Cash paid for settlement of deferred cash consideration	1,875
<b>Balance at end of year</b>	<b>(2,450)</b>



## 38 Parent entity

### (a) Summary financial information

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

	2015 \$'000	2014 \$'000
<b>Consolidated Statement of Financial Position</b>		
<b>Net assets</b>		
Current assets	6,664	8,029
Non-current assets	125,102	115,743
Total Assets	131,766	123,772
Current liabilities	(5,958)	(7,153)
Non-current liabilities	(26,441)	(20,921)
Total Liabilities	(32,399)	(28,074)
	99,367	95,698
<b>Equity</b>		
Contributed equity	126,081	123,383
<b>Reserves</b>		
Available-for-sale reserve	420	420
Share-based payment reserve	637	294
(Accumulated losses)/Retained earnings	(27,771)	(28,399)
	99,367	95,698
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>		
Profit or Loss for the year	9,500	3,892
Other Comprehensive Income	–	420
<b>Total Comprehensive Income</b>	<b>9,500</b>	<b>4,312</b>

### (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 2015 or 30 June 2014.

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

The parent entity did not have any commitments as at 30 June 2015 or 30 June 2014.

## 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 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\$). All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated, as permitted under ASIC Class Order 98/100.

#### (i) Compliance with IFRS

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. The following table summarises those future requirements, and their impact on the Consolidated entity:

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

(1) AASB 9 *Financial instruments* and amending standards AASB 2010 7 / AASB 2012 6 - AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces an 'expected loss' impairment model and a revised approach to micro-hedge accounting, replacing the guidance in AASB 139. The standard is applicable for reporting periods after 1 January 2018 but is available for early adoption. The new requirements for classification and measurement affect the accounting for gains and losses on available-for-sale debt instruments and financial liabilities that are designated at fair value through profit and loss. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The new 'expected loss' approach to impairment will require more timely recognition of expected credit losses however these are not expected to be material for the Group. The revisions to hedge accounting align the accounting treatment with risk management activities which will require enhanced disclosure about risk management activity however the Group has not entered into any hedging contracts and is therefore not applicable to the Group.

The Group has performed an initial assessment of the impacts to the financial report. The material impacts include:

- Available-for-sale financial assets: the Group is already treating the available-for-sale financial assets at fair value through profit and loss account. The settlement for this investment property is due on 5 October 2015.
- Other Investments (Class Pty Ltd): the Group is already treating the Other Investments at fair value through Other Comprehensive Income, with no impairment of these assets or recycling of amounts from Other Comprehensive Income on disposal.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements. The Group intends to adopt this standard for the year ending 30 June 2019.

(2) 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 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

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.

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 2012-3 Amendments to Australian Accounting Standards – *Offsetting Financial Assets and Financial Liabilities* – AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-5 Amendments to Australian Accounting Standards - *Investment Entities* – The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries. These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities. AASB 2013 5 is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception. AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination. Part A of AASB 2014 1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

### (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 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 2015 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(g)).

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

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

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

### (ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. 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 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 income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

## (d) Revenue recognition

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### **(e) Income tax**

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

Deferred income tax is provided in full, 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*.

### **(f) Leases**

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

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

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

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

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

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

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

### **(g) Business combinations**

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

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

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

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

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

#### **(h) Impairment of assets**

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

#### **(i) Cash and cash equivalents**

Cash and cash equivalents 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.

#### **(j) Trade receivables**

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

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

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

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

#### **(k) Work in progress**

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

Countplus Limited 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.



# Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

## **(I) 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) Loans and advances*

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

#### *(iii) Financial liabilities*

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 and 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.

#### *(iv) Available-for-sale financial assets*

Available-for-sale (AFS) financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in Other Comprehensive Income. Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired. In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, if this occurs, the cumulative loss that has been recognised in Other Comprehensive Income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to Other Comprehensive Income.

### *Financial guarantees*

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

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

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

### *Derecognition*

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

## (m) 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.

The 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.

## (n) 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	2.5% – 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.

## (o) 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.

## (p) 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.

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### **(q) 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 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 income statement 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 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 income statement 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.

### **(r) 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.

### **(s) 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.

### **(t) 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.

## (u) 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.

## (v) 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 on Corporate bonds with terms to maturity and currency 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.

## (w) 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.

## (x) 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.

## (y) 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.

## Notes to the Consolidated Financial Statements **continued**

For the year ended 30 June 2015

### **(z) 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.

### **(aa) 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 the 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 head subsidiaries of Countplus. The charge is over all present and future assets of those subsidiaries.

#### **(iv) Share-based payments**

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

## **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.

# 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 2015 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 2015.
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

30 September 2015

# Independent Auditor's Report to the Members of Countplus Limited



Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

## **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 2015, 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.

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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 2015 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 24 to 28 of the Directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "C F Farley".

C F Farley  
Partner - Audit & Assurance

Sydney, 30 September 2015

# 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 23 September 2015 are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	448	280,876
1,001 – 5,000	851	2,379,030
5,001 – 10,000	385	3,104,393
10,001 – 100,000	590	18,012,734
100,001 – and over	117	89,934,900
<b>Total</b>	<b>2,391</b>	<b>113,711,933</b>

Holding less than a marketable parcel - 86 holders.

## b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 23 September 2015 are:

	Listed Ordinary Shares – Fully Paid	
	Number	Percentage
1. COUNT FINANCIAL LIMITED	40,945,747	36.01%
2. PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE TST A/C>	3,325,091	2.92%
3. MR BARRY MARTIN LAMBERT	4,064,729	3.57%
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,968,056	2.61%
5. TIMLYN INVESTMENTS PTY LTD <SBS MUNRO A/C>	2,294,599	2.02%
6. SANTOS L HELPER PTY LTD <THE SBS VAN PAASSEN A/C>	2,101,082	1.85%
7. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,500,000	1.32%
8. JOY WILMA LILLIAN LAMBERT	1,333,333	1.17%
9. HARVEY INVESTMENT COMPANY PTY LTD <SEASTAR INVESTMENT A/C>	950,125	0.84%
10. GLENROYD INVESTMENTS PTY LTD <GLENROYD A/C>	885,000	0.78%
11. J P MORGAN NOMINEES AUSTRALIA LIMITED	853,621	0.75%
12. MR MICHAEL ALLAN BEDDOES <BEDDOES PRACTICE A/C>	800,000	0.70%
13. HARMIT PTY LTD <RIX ACCOUNTING A/C>	698,644	0.61%
14. NWA SERVICES PTY LTD <SHERWOOD A/C>	696,167	0.61%
15. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	633,500	0.56%
16. MR JONATHAN MARK RITCHIE + MRS WENDY JANE RITCHIE <BRINFIELDS SUPER FUND A/C>	622,893	0.55%
17. BRINFIELDS PTY LTD <BRINFIELDS A/C>	601,635	0.53%
18. CITICORP NOMINEES PTY LIMITED	539,294	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%
<b>Totals: Top 20 holders of ISSUED CAPITAL (TOTAL)</b>	<b>66,856,607</b>	<b>58.79%</b>

## c) Substantial Shareholders

As at 23 September 2015, the substantial shareholder is:

Ordinary shareholders	Listed Ordinary Shares – Fully Paid	
	Number	Percentage
COUNT FINANCIAL LIMITED	40,945,747	36.01%

## (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](mailto: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: 10.00 am

Date: Wednesday 25 November 2015

## Dividend Declared

A fully franked dividend for the 2016 financial year of two cents per ordinary share was declared on 26 August 2015 to investors registered at the close of business on 29 October 2015. The shares will be ex-dividend on 27 October 2015.

## 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

Dividend Paid 2014/15	Cents per share	Payable
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

Dividend Payable 2015/16	Cents per share	Payable
1st Interim Dividend	2 cents	16 November 2015

## Proposed Future Dividends

Dividend 15 February 2016  
Dividend 16 May 2016  
Dividend 15 August 2016  
Dividend 15 November 2016

# Countplus Member Firms



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



## Countplus Group



**Head Office**  
GPO Box 1453  
Sydney NSW 2001

[www.countplus.com.au](http://www.countplus.com.au)