Annual Report

For the year ended 30 June 2017

Managed Accounts Holdings Limited – (ASX Code: MGP)

ACN 128 316 441

managedaccounts holdingslimited

Managed Accounts Holdings Limited
Annual Report 30 June 2017
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Company Successes

19.8% increase in Normalised NPBT of **$1,466,519**

Company revenue up **25%**

Funds Under Administration (FUA) **over $2.1 Bn**

Annual unfranked dividend of **$0.008**

FUA growth of **17.4%** for the 2016/17 financial year

Rollout of **twelve** Superannuation Services

Reinvestment in Distribution resources

Successful implementation of Enhanced Cash Solution

ASX Sponsorship and Settlement approval

Now **Positioned** as a Managed Accounts and Administration Provider

Dear Shareholder,

On behalf of the Directors of Managed Accounts Holdings Limited (the Company or MGP) we are pleased to announce the results for the Company for the year ended 30 June 2017.

The Net Profit Before Tax (NPBT) for the year ended 30 June 2017 was $1,059,787, compared to $1,111,593 for year ended 30 June 2016, a decrease of 4.7%.

NPBT for the year ended 30 June 2017, normalised for depreciation/ amortisation, the cost of conducting due diligence on merger and acquisition opportunities and the non-cash cost of the employee share option schemes was $1,466,549. This compared to $1,223,841 for the year ended 30 June 2016, an increase of 19.8%.

	30 June 2017	30 June 2016
Reported NPBT	$1,059,787	$1,111,593
Add:		
Depreciation/Amortisation	$113,470	$31,553
Due Diligence costs on Mergers and Acquisitions	$172,254	Nil
Employee Share Option Schemes	$121,038	$80,695
Normalised NPBT	**$1,466,549**	**$1,223,841**

MGP has retained tax losses so the Tax Benefit (expense) for the year of $389,139 is not a cash item (2016 $371,129).

The core strategy for the Company is to continue to focus on servicing the managed account and administration requirements of Independent Financial Advisory (IFA) firms, stockbroking firms and investment managers (Licensees). This is achieved through an open architecture, non-conflicted business model, which continues to be a competitive advantage.

The major achievements during the financial year were:

Investment in Distribution Resources

During the financial year, the Board and Chief Executive Officer agreed that it was time in the Company's development to invest further in the Distribution team. In May 2017, Tony Nejasmic commenced as MGP's Head of Distribution and Marketing. Tony has 25 years' experience in financial services in senior roles covering sales, distribution and relationship management. This includes 16 years at Macquarie Bank, where Tony significantly contributed to the Macquarie Wrap platform funds under administration (FUA) growing to $35 billion.

Tony has already made an impact in re-focussing the Distribution team on pipeline development and driving an enhanced client experience across the business. This has enabled the Chief Executive Officer to focus on the development of business expansionary initiatives through additional capability and targeting acquisition opportunities in the unlisted market.

Merger and Acquisition Opportunities

The Company had the opportunity to undertake due diligence on several unlisted companies during the financial year with a view to acquisition. These unlisted companies were all complementary to the MGP business model and, if completed, would have provided MGP with the ability to increase its scale. This focus on acquisition opportunities will continue in the 2018 financial year as we continue to look to acquire businesses that can complement and leverage the enhanced services and capabilities implemented in the 2017 financial year.

Product Development Initiatives in 2017

Significant investment has been made into MGP's services and capability during the financial year. These are outlined further below.

Enhanced Interest Rates on Cash

The implementation of the Australian Prudential Regulation Authority (APRA) Prudential Standard 210 (APS210) has had a marked impact on the interest rates obtainable by wholesale clients, including cash held by custodians. This had a significant impact on the interest rates able to be achieved through the MGP custodial offer in cash and cash like assets such as term deposits.

During the financial year, MGP implemented an enhanced cash solution in conjunction with Australia and New Zealand Banking Group Limited (ANZ). This enhanced cash solution provides for cash to be held outside of the custodial structure so that each client now has their own cash account in an arrangement with ANZ, enabling clients using the managed discretionary account (MDA) service (MDA Service) to earn interest on cash holdings at rates that compare favourably with the leading Cash Management Accounts (CMAs) in the Australian market.

MGP plans to adopt a similar approach for term deposits and other fixed interest instruments in the 2018 financial year.

ASX General Settlement Participant Approval

In June 2017 MGP's wholly owned subsidiary Investment Administration Services Pty Ltd (IAS) received approval from the Australian Securities Exchange (ASX) to be a Sponsorship and Settlement Participant in CHESS. IAS has lodged the ASX required bond of $1 million and is awaiting the changes to its Australian Financial Services Licence (AFSL) to commence the rollout of this solution to the market.

Broadening MGP's Market and Business Model by Delivering Direct Ownership

To date, the MGP business model has required that all assets are held in custody. However, not all IFAs, stockbroking firms or investment managers wish to hold assets in a custodial structure.

With MGP now being approved to offer a Sponsorship and Settlement Service in CHESS, the existing MGP operating model, technology and administration systems can support ASX listed securities held in the name of the client. Thus, client portfolios can be managed with discretion, traded through any broker using a nominee to attract low brokerage rates, held in the client's own name, but with MGP able to deliver the administration and reporting efficiently.

This initiative now provides MGP with the ability to hold assets in a custodial structure or directly in the client's name to best fit the asset or the operating model of the firm with whom MGP engages. This open architecture philosophy to asset holding will maximise the benefit for the client without impacting on the scalability and efficiency of the MGP operating model.

MGP Technology Strategy

Following a review of the MGP technology strategy in financial year 2017, MGP has partnered with specialist technology firm Capital Road to outsource technology development to replace MGP's existing internally developed software. This will transform the user experience for both advisers and clients, as well as providing additional scale and efficiencies in the MGP operational environment.

A key component to the arrangement is that MGP and Capital Road will develop a Technology Roadmap to match the MGP's future strategic product development and operational requirements to complement the existing SS&C outsourced technology arrangement.

With both the Capital Road and SS&C arrangement linked to revenue, it is expected that future technology development will not require MGP to fund significant internal IT development resources and will reduce the need for future capital expenditure for technology enhancements that are within the Technology Roadmap.

Superannuation Service

The 2016 Annual Report highlighted that MGP was appointed as an Investment Manager and Asset Consultant by a superannuation trustee in June 2016. Over the past year, MGP has implemented arrangements with twelve Licensees to implement a MDA like Personal Superannuation Service with the Licensees' own investment strategies reflected in a Personal Superannuation Product Disclosure Statement (PDS) with additional Licensees to be rolled out in the first half of financial year 2018.

MGP Solutions Toolkit

The enhancements to MGP's services implemented over the financial year significantly expands the range of services and capability MGP can deliver to the market and has resulted in the creation of the MGP Solutions Toolkit. The Toolkit includes the following capabilities:

In addition to continuing to provide a custodial managed account, MGP can now be regarded as a broad base administration provider, with the Toolkit components able to be delivered as individual components or selectively packaged to deliver the required solution.

As well as enabling additional opportunities in existing distribution channels, it is expected that this will also enable MGP to access new markets.

MDA Regulatory Changes Announced by ASIC

The Australian Securities and Investments Commission (ASIC) announced the final outcomes of the MDA legislative review on 29 September 2016.

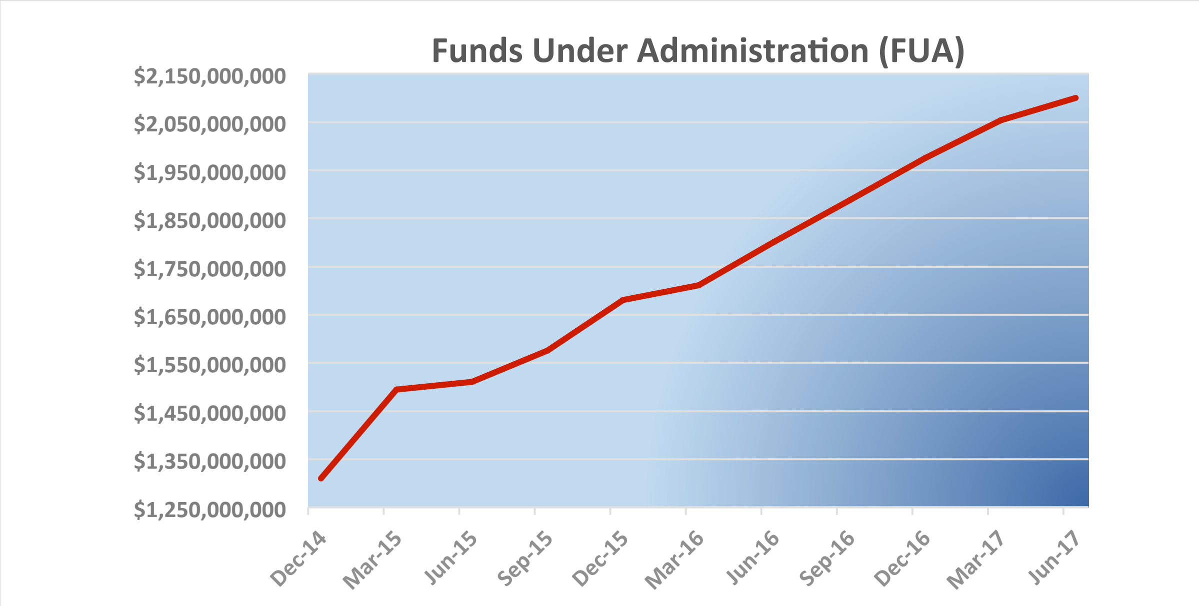
The announcement was in line with MGP's expectations with the removal of the ability for Licensees to offer Limited MDA Services and several operational changes to the way that MDA Services are administered and delivered.

Licensees currently offering Limited MDA Services have until 30 September 2018 to either obtain MDA licencing themselves or to partner with a provider who has the necessary licencing. MGP is well positioned in the marketplace to assist Licensees offering Limited MDA Services to migrate their business model to a compliant business model, using either the custody business model or in the client's name using MGP's ASX Sponsorship and Settlement capability.

ASIC did not introduce increased capital requirements for MDA providers but did indicate that this will be considered in a further review. ASIC has indicated that this review is to be undertaken after October 2018.

Funds under Administration (FUA) Growth

The growth in our FUA for the financial year 2017 was $313m, increasing by 17.4% to $2.107 billion. Despite the increase in normalised NPBT for the 2017 financial year, we have been disappointed with the lack of growth of FUA during the financial year, culminating in the appointment of Tony Nejasmic to the Head of Distribution and Marketing role in May 2017. We are extremely positive that Tony's experience and leadership of the Distribution team, coupled with the expanded services and capability in the MGP Solutions Toolkit, will contribute to improved FUA growth in the 2018 financial year.



Across the existing MGP client base, there remains multiple billions of available FUA suitable for investment in the MDA Service, the Superannuation Service and in administration services which can use the ASX Sponsorship and Settlement capability.

Growth in Number of Licensees

During the financial year, the Company expanded the number of Australian Financial Services Licensee holders (AFSL) to whom it provides Managed Account Services. Five Memoranda of Understanding (MoU) were executed with new Licensees to build a MDA Service during the 2017 financial year with three of these firms not proceeding post the due diligence undertaken by MGP. Three Memoranda of Understanding (MoU) were executed to build a Superannuation Service during the financial year with one firm determining not to proceed to implementation for commercial reasons. The numbers of MoUs executed were lower than our expectations and this in part has resulted in changes in the leadership of the Distribution Team.

Changes to Superannuation

MGP is well placed to support the changes in superannuation which came into effect from 1 July 2017. These changes will have an impact on the portfolios implemented on behalf of Self-Managed Super Fund (SMSF) investors as well as likely increasing demand for tax effective tools such as insurance bonds.

With increasing engagement of members seen as a key component of a member retention strategy for most Superannuation Funds, MGP will continue to expand its capability in Retail Superannuation and outsourced administration to Superannuation Funds to leverage off a likely move to a non-unitised approach.

Quarterly Dividend Declared

The Board declared a 30 June 2017 quarterly dividend of $0.002 per share, representing a full financial year dividend of $0.008 per share.

Board Changes

Colin Scully announced his retirement from the Board in May 2017. Colin was a founding member of the Company in 2004. He has played an instrumental role in establishing the Company's direction and served as Executive Chairman for several years of his tenure at the Company – leading the Board with distinction. Most recently, Colin served as Non-Executive Director.

In April 2017 Peter Brook, former Managing Director and Chief Executive Officer of major superannuation administrator Pillar, joined the Board. Peter has bolstered the strength the Board as the Company embarks on the next stage of its growth strategy, including an ongoing push into the retail personal superannuation sector, over the next year.

On behalf of the Directors, we wish to take this opportunity to thank our clients, business partners and shareholders for their continued support of the Company, and to the Executive team and employees of the Company for their ongoing dedication and service.

Don Sharp

Executive Chairman

David Heather

Chief Executive Officer

25 August 2017

Outline of the MGP Business

MGP was founded in 2004 by a group of highly experienced financial industry specialists.

MGP has undertaken considerable development and capital expenditure to facilitate the offering of managed accounts and investment administration services in the Australian market. This development has largely focused on:

- Acquisition and maintenance of the appropriate Australian Financial Services License (AFSL)
- Development of relationships with suitable portfolio managers, custodians, brokers, banks, fund managers and trustees
- Identification of Independent Financial Adviser (IFA), stockbroking firms and investment managers (Licensees) prepared to recommend MGP's services and capability
- Development of operating processes (IP) to support managed accounts and investment administration and integration of these processes into best of breed technology partners and external party technology and infrastructure
- Development of the legal structures for offering managed accounts and investment administration services (IP)

MGP now delivers MDA Services, outsourced investment administration services and asset consulting services in the Australian market.

MGP Business Structure

MGP is the holding company for the Managed Accounts Group of Companies.

Through its wholly owned subsidiary Investment Administration Services Pty Ltd (IAS), MGP has been issued the appropriate Australian Financial Services License (AFSL) to operate managed discretionary accounts (MDAs), provide custody for both retail and wholesale investors and deal in a range of instruments.

IAS appointed HSBC Bank Australia Limited (HSBC) as sub-custodian in 2009 and the combination of IAS and HSBC continues to successfully deliver a custodial managed account to the Australian market across a broad range of assets.

In 2016, IAS was appointed to provide investment management and asset consulting services to a superannuation trustee through IAS. These appointments, in addition to its investment administration capability, have enabled the delivery of a non-unitised superannuation solution to Licensees over the past year.

The Australian Securities Exchange (ASX) recently approved IAS as a Sponsorship and Settlement Participant in CHESS. This capability will allow Licensees to implement MDA and administration solutions for their clients without the requirement for a custodian and with ASX listed securities held in the name of the client, in much the same way as a broker holds ASX listed securities on behalf of their clients.

In the 2017 financial year, MGP has implemented a retail cash solution in conjunction with Australia and New Zealand Banking Group Limited (ANZ) through IAS. This capability has enabled Licensees to access interest rates on behalf of their clients that compare favourably with the leading Cash Management Accounts (CMAs) in the Australian market

MGP Technology Strategy

MGP has an outsourced technology approach, choosing to partner with best of breed technology partners rather than build software solutions in house. MGP has had a partnership with SS&C Technologies, Inc (SS&C) since 2006 and in the last financial year, has complemented the SS&C relationship through a partnership with specialist technology firm Capital Road. The Capital Road partnership replaces MGP's existing internally developed user interface – transforming the user experience of both advisers and clients.

With both the Capital Road and SS&C arrangement linked to revenue, it is expected that future technology development will not require MGP to fund significant internal IT development resources and will reduce the need for future capital expenditure for technology enhancements.

MGP Business Model and Experience

MGP has a depth of experience structuring and implementing MDA Services and MDA like Superannuation Services, with significant Intellectual Property (IP) in the approach and disclosure documentation that exists for each.

Rather than deliver a product based solution off the shelf, MGP focuses on designing, implementing and operating private-label MDA Services, Superannuation Services and outsourced administration arrangements that meet the requirements of the Licensee.

Despite this, MGP is equally capable of delivering a traditional separately managed accounts (SMA) offering.

Where possible, MGP adopts an open architecture approach to portfolio design, investment managers used to manage portfolios, how assets are held, managed funds used, brokers used, fees and branding. This approach is aimed to enabling the Licensee to maximise benefit for their clients whilst ensuring the scalability and efficiency of the MGP operating model.

Comparison to Separately Managed Accounts (SMAs)

Unlike legacy platforms that have bolted on SMA functionality focused only on direct equities, MGP supports a holistic approach across asset classes, with support not only for listed securities including ordinary shares, stapled securities, warrants and listed trusts/ ETFs, but also for managed funds, term deposits, bills/ bonds and other selected assets.

This enables a discretionary portfolio approach to be implemented across all assets held in a client portfolio, rather than selected asset classes or asset types.

MGP further differentiates itself by providing a decentralised model whereby Licensees and/or their selected Investment Managers are responsible for implementing their Intellectual Property (IP) across investors, including execution of trades with their broker of choice. This replicates the institutional model and is highly attractive to Investment Managers as they retain control of their IP, their existing broking relationships and execution of trades. This is a clear point of differentiation against SMA providers who operate on the premise that portfolio implementation is undertaken by the SMA provider rather than the Investment Manager.

MGP Solutions Toolkit

The enhancements to MGP's services implemented over the 2017 financial year significantly expands the range of services and capability MGP can deliver to the market and has resulted in the creation of the MGP Solutions Toolkit. The Toolkit includes the following capabilities:

In addition to continuing to provide a custodial managed account, MGP can now be regarded as a broad base administration provider, with the Toolkit components able to be delivered as individual components or selectively packaged to deliver the required solution.

As well as enabling additional opportunities in existing distribution channels, it is expected that this will also enable MGP to access new markets.

High Quality and Growing Client Base

MGP has been successful in building a client base of high quality Licensees, including several award winning IFAs, over the past ten years. With some of these Licensees looking to acquire other Licensees to take advantage of the efficiencies achieved through their MGP relationship, complemented with continued transition of clients using other administration arrangements and organic growth, we expect FUA growth from mature Licensee relationships.

With the growth of the IFA market continuing unabated as advisers seek to leave institutionally owned licensees and re-engineer their business model around new generation solutions, MGP is well placed to continue to grow FUA in the future from new relationships.

Board and Management Team

The MGP Board and management team has significant depth of experience in financial markets and financial services, particularly pertaining to financial advisory, superannuation, investment administration and managed accounts.

With over ten years' experience in successfully delivering managed account and investment administration services to Australian Licensees, MGP has a superior understanding of the managed account and investment administration markets, and the processes and technology requirements necessary to delivery sophisticated solutions to these markets.

The management team are complemented by highly experienced Directors, all of whom have deep knowledge in financial markets, superannuation, financial advisory services and mergers and acquisitions. The Directors and management believe MGP has the ability to significantly capitalise on its scalable model.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Managed Accounts Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of Managed Accounts Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Donald Sharp - Chairman	
Peter Brook	(Appointed 12 April 2017)
Alexander Hutchison	
Colin Scully	(Resigned 25 May 2017)

Principal activities

During the financial year the principal continuing activities of the Group consisted of the holder of an Australian Financial Services Licence ('AFSL') licence with an endorsement to operate Managed Discretionary Accounts.

There have been no significant changes in the nature of this activity during the year.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2017 $	2016 $
Interim dividend paid for the quarter ended 30 June 2016 of $0.002 per share	270,715	-
Interim dividend paid for the quarter ended 30 September 2016 of $0.002 per share	270,243	-
Interim dividend paid for the quarter ended 31 December 2016 of $0.002 per share	270,137	-
Interim dividend paid for the quarter ended 31 March 2017 of $0.002 per share	267,440	-
Interim dividend paid for the quarter ended 30 June 2015 of $0.002 per share	-	270,345
Interim dividend paid for the quarter ended 30 September 2015 of $0.002 per share	-	269,646
Interim dividend paid for the quarter ended 31 December 2015 of $0.002 per share	-	269,646
Interim dividend paid for the quarter ended 31 March 2016 of $0.002 per share	-	268,715
	1,078,535	1,078,352

It is expected that once all tax losses are utilised, all future dividends will be franked to the maximum extent possible. The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

The directors intend to target a payout ratio of between 60% and 80% of net profit after tax ('NPAT'). Until all the tax losses are fully utilised the directors may distribute from net profit before tax ('NPBT'). The level of payout ratio is expected to vary between periods depending on the factors above and, in particular, should value accretive strategic growth, acquisition or investment opportunities arise it may result in a payout ratio in the future that is less than the above target.

No assurances can be given by any person, including the directors, about the payment of any dividend and the level of franking on any such dividend.

Review of operations

The profit for the Group after providing for income tax amounted to $670,648 (30 June 2016: $740,464).

Refer to the 'Report of Chairman and Chief Executive Officer' section for details of operations throughout the year.

Significant changes in the state of affairs
On 15 July 2016, the Group acquired a non-controlling interest in a financial planning company, Holman McGregor Financial Services Pty Ltd. The investment was $500,000 in equity and loan funds of a further $225,000.

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Refer to the 'Report of Chairman and Chief Executive Officer' and 'Business Overview' section for details of likely developments and expected results of operations.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Donald ('Don') Sharp
Title:	Executive Chairman
Qualifications:	BBus, CPA, FAICD
Experience and expertise:	Don is a qualified accountant and a highly experienced, innovative and respected business builder and leader in the financial services sector. He co-founded Bridges Financial Services Pty Ltd an industry leader in financial services well known for establishing one of the first platform solutions for portfolio management in Australia, The Portfolio Service. Don is a former Chairman of Investors Mutual, Global Value Investors, and Premium Investors Limited (ASX: PRV) and a former Director of Countplus Limited (ASX: CUP) and Treasury Group Ltd (ASX: TRG).
Other current directorships:	Executive Chairman of Integrated Payment Technologies Limited (ASX: IP1).
Former directorships (last 3 years):	Former Director of Countplus Limited (ASX: CUP).
Special responsibilities:	Don is a member of the Audit and Finance Committee and the Risk and Compliance Committee.
Interests in shares:	10,000 ordinary shares directly held and 31,658,255 ordinary shares indirectly held.

Name:	Peter Brook
Title:	Non-Executive Director (appointed on 12 April 2017)
Qualifications:	B Com, AICA, M Mngt, GAICD, GAIST
Experience and expertise:	Peter was the former chief executive director of major superannuation administrator Pillar Administration, a NSW government-owned entity. He successfully lead the overhaul of its operating model, technology, and member services. Pillar managed 1.1 million member accounts holding $110 billion in funds at the time of its sale to Mercer in December 2016. Peter’s 40-year career also includes executive and director roles at StatePlus, Alinta Energy, Challenger Financial Services Group, MLC and Grant Thornton.
Other current directorships:	None.
Former directorships (last 3 years):	Former MD&CEO of Pillar Administration (non-listed) and former Non-Executive Director of Ilum-a-lite Pty Limited (non-listed).
Special responsibilities:	Peter is Chairman of the Audit and Finance Committee, Chairman of the Remuneration and Nomination Committee and a member of the Risk and Compliance Committee.
Interests in shares:	None.

Name:	Alexander ('Alex') Hutchison
Title:	Non-Executive Director
Qualifications:	LLB, GradDipFinSvcs
Experience and expertise:	Alex has over 20 years' experience in the financial services sector holding senior leadership roles in both ASX-listed and not-for-profit organisations. Alex has active participation in industry associations including the Financial Planning Association ('FPA'), Australian Institute of Superannuation Trustee ('AIST') and Association of Building Societies and Credit Unions ('ABACUS').
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Alex is Chairman of the Risk and Compliance Committee and a member of Remuneration and Nomination Committee.
Interests in shares:	200,000 ordinary shares directly held.

Name:	Colin Scully
Title:	Former Non-Executive Director (resigned on 25 May 2017)
Qualifications:	FAICD, FFPA, FAIM
Experience and expertise:	Colin Scully has experience of over 30 years in the financial services industry. Colin, along with fellow Director Don Sharp, co-founded Bridges Financial Services Pty Ltd and established one of the first platforms, The Portfolio Service, for portfolio management. Colin was a former director of the Financial Planning Association (FPA), a director of previously ASX listed IWL Ltd (a stockbroking and financial services company), Payment Adviser Group of companies and is a director of a number of private companies.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Colin was Chairman of the Remuneration and Nomination Committee.
Interests in shares:	31,648,255 ordinary shares indirectly held.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Jillian McGregor (BCom, LLB, Grad Dip GIA) serves as Company Secretary of the Company. Jillian has worked as a corporate lawyer for over 20 years and has a deep knowledge and understanding of the Corporations Act 2001 and the ASX listing rules.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
Donald Sharp	13	13	-	-
Peter Brook	5	5	1	1
Alexander Hutchison	13	13	2	2
Colin Scully	11	11	1	2

	Audit and Finance Committee Attended	Audit and Finance Committee Held	Risk and Compliance Committee Attended	Risk and Compliance Committee Held
Donald Sharp	5	5	5	5
Peter Brook	1	1	-	-
Alexander Hutchison	5	5	5	5
Colin Scully	5	5	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee, which operates in accordance with its Charter as approved by the Board, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Under the Constitution, the Board may decide the remuneration of each director is entitled to for his services in any capacity. However, the total amount paid to all non-executive directors must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. In accordance with the Prospectus issued on 28 April 2014, the amount has been fixed at $180,000 per annum.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives/bonuses;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific pre-determined annual targets, set after consultation with the directors and executives and based on specifically tailored to areas where each executive has a level of control. The key performance indicators ('KPI's') for the year ended 30 June 2017 was focused on rewarding outperformance as measured by earnings before interest, tax, depreciation and amortisation ('EBITDA') and satisfaction of non-financial KPIs by individual executives. The STI program incorporates cash bonuses with a capped pool of $400,000, with the Chief Executive Officer being entitled to a maximum of 30% of the capped pool, subject to meeting his KPIs and other requirements. The board will review the current incentive scheme prior to the end of 2018 financial year with changes to take effect in 2019 financial year.

The long-term incentives ('LTI') include long service leave and share-based payments. Employees may participate in the Employee Share Option Plan ('ESOP').

Option plans

ESOP
On 15 June 2017, the Board approved the adoption of a new ESOP to employees who are 'senior managers' on the following terms subject to the ESOP rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.35 per option;
- options vest in three separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 but subject to satisfaction of specific exercise conditions associated with the Company's performance and the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

The purpose of the ESOP is to enable the Group to attract and retain skilled employees.

The ESOP options are granted under the following tranche criteria:

Tranche 1:	
Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 2:	
Proportion of options	33.3%
Vesting dates	31 July 2019
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 3:	
Proportion of options	33.3%
Vesting dates	31 July 2020
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Employee Plan ('Plan')
On 2 November 2015, the Board approved the offer to all employees of a maximum of 6,350,000 options under the employee plan ('Plan') on the following terms subject to the Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.22 per option;
- for each employee/contractor, options vest in three separate tranches on 31 July 2016, 31 July 2017 and 31 July 2018 but subject to the satisfaction of specific exercise conditions associated with the Company's performance and the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

The purpose of the Plan is to enable the Group to attract and retain skilled employees and contractors.

The Plan options are granted under the following tranche criteria:

Tranche 1:	
Proportion of options	33.3%
Vesting dates	31 July 2016
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 2:	
Proportion of options	33.3%
Vesting dates	31 July 2017
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 3:	
Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise condition	Company's performance and the performance of the relevant employee/contractors

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings before interest, tax, depreciation and amortisation ('EBITDA') targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

2,000,000 options under the Plan issued to David Heather, the Company's Chief Executive Officer, include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

3,000,000 options under the Executive Share Option Plan issued to Tony Nejasmic, Head of Distribution and Marketing, include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

Use of remuneration consultants
During the financial year ended 30 June 2017, the Group did not engage any remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2016 Annual General Meeting ('AGM')
At the 24 November 2016 AGM, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the directors of Managed Accounts Holdings Limited and the following persons:
- David Heather - Chief Executive Officer
- Tony Nejasmic - Head of Distribution and Marketing (appointed 29 May 2017)
- Carl Baum - Head of Product (appointed 19 April 2017)
- Pamella Wilson - Acting Head of Information Technology
- Sanja Jovicic - Head of Information Technology

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Brook *	13,167	-	-	1,251	-	-	14,418
Alexander Hutchison	60,000	-	-	5,700	-	-	65,700
Colin Scully **	-	-	-	-	-	-	-
Executive Directors:							
Donald Sharp	77,250	-	-	7,339	-	-	84,589
Other Key Management Personnel:							
David Heather	233,333	-	-	22,167	7,778	25,850	289,128
Tony Nejasmic	22,769	-	-	2,163	-	-	24,932
Carl Baum	36,131	-	-	3,432	-	-	39,563
Pamella Wilson	147,264	-	-	13,990	-	5,054	166,308
Sanja Jovicic	96,201	-	-	7,989	1,885	4,994	111,069
	686,115	-	-	64,031	9,663	35,898	795,707

* Appointed 12 April 2017.
** Colin Scully received no remuneration in the year and resigned on 25 May 2017.

Douglas Kirkman and Neil Pattinson now report to Tony Nejasmic. Pamela Wilson reported to Sanja Jovicic in the year ended 30 June 2016.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Colin Scully	1	-	-	-	-	-	1
Paul Collins	1	-	-	-	-	-	1
Alexander Hutchison	5,928	-	-	563	-	-	6,491
Executive Directors:							
Donald Sharp	77,250	-	-	7,338	-	-	84,588
Other Key Management Personnel:							
David Heather	233,333	-	-	22,167	9,425	25,850	290,775
Neil Pattinson	161,235	-	-	15,317	5,805	5,374	187,731
Trevor Fisher *	84,750	-	-	7,481	-	-	92,231
Sanja Jovicic	136,073	-	-	12,927	5,940	4,994	159,934
Doug Kirkman	188,033	-	-	14,929	-	-	202,962
	886,604	-	-	80,722	21,170	36,218	1,024,714

* Resigned 30 November 2015.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2017	2016	2017	2016	2017	2016
Non-Executive Directors:						
Colin Scully	-	100%	-	-	-	-
Peter Brook	100%	-	-	-	-	-
Paul Collins	-	100%	-	-	-	-
Alexander Hutchison	100%	100%	-	-	-	-
Executive Directors:						
Donald Sharp	100%	100%	-	-	-	-
Other Key Management Personnel:						
David Heather	91%	91%	-	-	9%	9%
Tony Nejasmic	100%	-	-	-	-	-
Neil Pattinson	-	97%	-	-	-	3%
Carl Baum	100%	-	-	-	-	-
Trevor Fisher	-	100%	-	-	-	-
Pamella Wilson	97%	-	-	-	3%	-
Sanja Jovicic	96%	97%	-	-	4%	3%
Doug Kirkman	-	100%	-	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Donald Sharp
Title:	Executive Chairman
Term of agreement:	No term
Details:	Base remuneration of $84,589
	No notice period

Name:	David Heather
Title:	Chief Executive Officer
Agreement commenced:	1 February 2014
Terms of agreement:	No term
Details:	Base salary of $255,500
	3 months notice period

Name:	Tony Nejasmic
Title:	Head of Distribution and Marketing
Agreement commenced:	29 May 2017
Term of agreement:	No term
Details:	Base salary of $262,800
	1 month notice period

Name:	Carl Baum
Title:	Head of Product
Agreement commenced:	19 April 2017
Term of agreement:	No term
Details:	Base salary of $200,385
	1 month notice period

Name:	Pamella Wilson
Title:	Acting Head of Information Technology
Agreement commenced:	25 September 2015
Term of agreement:	No term
Details:	Base salary of $165,000
	1 month notice period

Name:	Sanja Jovicic
Title:	Head of Information Technology
Agreement commenced:	4 August 2018
Term of agreement:	No term
Details:	Base salary of $149,000
	1 month notice period

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Leave entitlements as per the applicable employment standards and legislations. Cash bonuses with a capped pool of $400,000 are in place for key management personnel. Key management personnel may participate in the ESOP.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and first exercisable date	Expiry date	Exercise price	Fair value per option at grant date
20 Nov 2015	31 Jul 2016	31 Jul 2019	$0.220	$0.0517
30 Jun 2017	31 Jul 2018	30 Jun 2021	$0.350	$0.1450

Name	Number of options granted	Grant date	Exercisable date	Expiry date	Exercise price	Fair value per option at grant date
David Heather	666,667	2 Nov 2015	31 Jul 2016	31 Jul 2019	$0.220	$0.0517
	666,667	2 Nov 2015	31 Jul 2017	31 Jul 2019	$0.220	$0.0517
	666,666	2 Nov 2015	31 Jul 2018	31 Jul 2019	$0.220	$0.0517
	2,000,000					
Tony Nejasmic	1,000,000	30 Jun 2017	31 Jul 2018	30 Jun 2021	$0.350	$0.1450
	1,000,000	30 Jun 2017	31 Jul 2019	30 Jun 2021	$0.350	$0.1450
	1,000,000	30 Jun 2017	31 Jul 2020	30 Jun 2021	$0.350	$0.1450
	3,000,000					
Pamella Wilson	115,000	2 Nov 2015	31 Jul 2016	31 Jul 2019	$0.220	$0.0517
	115,000	2 Nov 2015	31 Jul 2017	31 Jul 2019	$0.220	$0.0517
	115,000	2 Nov 2015	31 Jul 2018	31 Jul 2019	$0.220	$0.0517
	345,000					
Sanja Jovicic	115,000	2 Nov 2015	31 Jul 2016	31 Jul 2019	$0.220	$0.0517
	115,000	2 Nov 2015	31 Jul 2017	31 Jul 2019	$0.220	$0.0517
	115,000	2 Nov 2015	31 Jul 2018	31 Jul 2019	$0.220	$0.0517
	345,000					

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Grant date	First vesting date	Number of options granted	Value of options granted $	Value of options vested $	Number of options lapsed	Value of options lapsed $
Tony Nejasmic	30 Jun 2017	31 Jul 2017	3,000,000	-	-	-	-

Additional information

The earnings of the Group for the five years to 30 June 2017 are summarised below:

	2017 $	2016 $	2015 $	2014 $	2013 $
Profit after income tax	670,648	740,464	559,889	(168,519)	(194,138)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013
Share price at financial year end ($)	0.35	0.45	0.17	0.21	-
Total dividends declared (cents per share)	0.80	0.80	0.60	-	-
Earnings per share (cents per share)	0.50	0.55	0.41	(0.16)	(0.29)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Donald Sharp	31,668,255	-	-	-	31,668,255
Colin Scully *	31,648,255	-	-	(31,648,255)	-
Alexander Hutchison	200,000	-	-	-	200,000
Peter Brook	-	-	-	-	-
David Heather	4,250,001	-	-	-	4,250,001
Tony Nejasmic	-	-	-	-	-
Carl Baum	-	-	-	-	-
Pamella Wilson	-	-	-	-	-
Sanja Jovicic	-	-	-	-	-
Neil Pattinson *	100,000	-	-	(100,000)	-
Doug Kirkman *	41,146	-	-	(41,146)	-
	67,907,657	-	-	(31,789,401)	36,118,256

* Disposals/other represents no longer a Director or key management personnel, not necessarily a physical disposal

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David Heather	2,000,000	-	-	(166,667)	1,833,333
Neil Pattinson	405,000	-	-	(405,000)	-
Tony Nejasmic **	-	3,000,000	-	-	3,000,000
Pamella Wilson **	-	345,000	-	(17,250)	327,750
Sanja Jovicic	345,000	-	-	(18,400)	326,600
Doug Kirkman *	405,000	-	-	(405,000)	-
	3,155,000	3,345,000	-	(1,012,317)	5,487,683

* Disposals/other represents no longer a key management personnel, not necessarily a physical disposal
** Granted represents holding at date became a key management personnel, not necessarily a physical grant during the year

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
David Heather	500,000	-	500,000
Pamella Wilson	97,750	-	97,750
Sanja Jovicic	96,600	-	96,600
	694,350	-	694,350

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Managed Accounts Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
20 November 2015	31 July 2019	$0.220	5,201,283
5 September 2016	5 September 2020	$0.330	625,500
30 June 2017	30 June 2021	$0.350	3,000,000
			8,826,783

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Managed Accounts Holdings Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
21 March 2014 *	$0.200	1,000,000
2 November 2015 **	$0.220	47,400
		1,047,400

* Options issued as part of Lead Managers Fee for Initial Public Offering
** Options issued under Employee Share Option plan

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of deliberately dishonest, deliberately fraudulent or deliberately criminal act or commission or any wilful violation of any law, or the gaining of any profit or remuneration to which the officer is not legally entitled or conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group where such conduct is established by final adjudication.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Don Sharp
Executive Chairman

25 August 2017
Sydney

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Auditor's Independence Declaration
To the Directors of Managed Accounts Holdings Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Managed Accounts Holdings Limited and controlled entities for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M Leivesley

M R Leivesley
Partner - Audit & Assurance

Sydney, 25 August 2017

	Note	Consolidated 2017 $	2016 $
Revenue			
Service fees		6,895,253	5,499,906
Less: transaction costs		(1,451,871)	(1,166,414)
Gross margin		5,443,382	4,333,492
Share of profits of joint ventures accounted for using the equity method		23,180	-
Interest income		80,720	156,146
Expenses			
Employee benefits expense		(2,783,450)	(2,132,488)
Depreciation and amortisation expense	5	(113,470)	(31,553)
Premises expense		(153,673)	(100,010)
Due diligence on merger and acquisitions		(172,254)	-
Cost of Employee Share Scheme		(121,038)	(80,695)
Other expenses	5	(1,142,595)	(1,032,709)
Finance costs	5	(1,015)	(590)
Profit before income tax expense		1,059,787	1,111,593
Income tax expense	6	(389,139)	(371,129)
Profit after income tax expense for the year attributable to the owners of Managed Accounts Holdings Limited	19	670,648	740,464
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Managed Accounts Holdings Limited		670,648	740,464
		Cents	**Cents**
Basic earnings per share	31	0.50	0.55
Diluted earnings per share	31	0.47	0.52

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current assets			
Cash and cash equivalents	7	1,623,818	1,915,686
Trade and other receivables	8	1,043,095	1,274,096
Other financial assets	9	1,163,318	3,116,638
Total current assets		3,830,231	6,306,420
Non-current assets			
Investments accounted for using the equity method	10	523,180	-
Investments	11	22,873	3,211
Other financial assets	12	225,000	-
Property, plant and equipment	13	69,069	48,404
Intangibles	14	2,616,630	1,076,832
Deferred tax	15	342,233	731,372
Total non-current assets		3,798,985	1,859,819
Total assets		7,629,216	8,166,239
Liabilities			
Current liabilities			
Trade and other payables	16	605,231	646,922
Employee benefits		231,279	187,040
Total current liabilities		836,510	833,962
Non-current liabilities			
Employee benefits		125,828	81,310
Total non-current liabilities		125,828	81,310
Total liabilities		962,338	915,272
Net assets		6,666,878	7,250,967
Equity			
Issued capital	17	12,169,610	12,466,850
Share option reserve	18	201,733	80,695
Accumulated losses	19	(5,704,465)	(5,296,578)
Total equity		6,666,878	7,250,967

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

Statement of Changes in Equity

Consolidated	**Issued capital $**	**Share option reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2015	12,674,253	-	(4,958,690)	7,715,563
Profit after income tax expense for the year	-	-	740,464	740,464
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	740,464	740,464
Transactions with owners in their capacity as owners:				
Share buy-back (note 18)	(207,403)	-	-	(207,403)
Share option reserve	-	80,695	-	80,695
Dividends paid (note 20)	-	-	(1,078,352)	(1,078,352)
Balance at 30 June 2016	12,466,850	80,695	(5,296,578)	7,250,967

Consolidated	**Issued capital $**	**Share option reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2016	12,466,850	80,695	(5,296,578)	7,250,967
Profit after income tax expense for the year	-	-	670,648	670,648
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	670,648	670,648
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	210,428	-	-	210,428
Share buy-back	(507,668)	-	-	(507,668)
Share-option reserve	-	121,038	-	121,038
Dividends paid (note 20)	-	-	(1,078,535)	(1,078,535)
Balance at 30 June 2017	12,169,610	201,733	(5,704,465)	6,666,878

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

	Note	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,222,930	5,185,143
Payments to suppliers and employees (inclusive of GST)		(5,679,957)	(4,068,494)
		1,542,973	1,116,649
Interest received		80,720	144,086
Interest and other finance costs paid		(1,015)	(590)
Net cash from operating activities	30	1,622,678	1,260,145
Cash flows from investing activities			
Payment for expenses relating to acquisitions		(22,873)	-
Payments for interests in joint venture		(500,000)	-
Payments for loans		(225,000)	-
Payments for property, plant and equipment	13	(54,663)	(56,707)
Payments for intangibles	14	(1,619,270)	(860,462)
Proceeds from disposal of investments		3,211	-
Proceeds from term deposits		1,879,824	856,858
Net cash used in investing activities		(538,771)	(60,311)
Cash flows from financing activities			
Proceeds from issue of shares	17	210,428	-
Payments for share buy-backs		(507,668)	(207,403)
Dividends paid	20	(1,078,535)	(1,078,352)
Net cash used in financing activities		(1,375,775)	(1,285,755)
Net decrease in cash and cash equivalents		(291,868)	(85,921)
Cash and cash equivalents at the beginning of the financial year		1,915,686	2,001,607
Cash and cash equivalents at the end of the financial year	7	1,623,818	1,915,686

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

Note 1. General information

The financial statements cover Managed Accounts Holdings Limited as a Group consisting of Managed Accounts Holdings Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together are referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Managed Accounts Holdings Limited's functional and presentation currency.

Managed Accounts Holdings Limited is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
28 Margaret Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the 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 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Managed Accounts Holdings Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended. Managed Accounts Holdings Limited and its subsidiaries.

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 de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major business activities as follows:

Service fees
Service fees include funds under administration ('FUA') revenue, transaction/brokerage fees and implementation fees:
(i) Funds under administration ('FUA') revenue is recognised as the service is provided, i.e. on a monthly basis based on a percentage of FUA per the contract with the client.
(ii) Transaction/brokerage fees are recognised at the date of the transaction.
(iii) Implementation fees are recognised on a stage of completion basis, depending upon the phase of the implementation process.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Managed Accounts Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries, excluding PHL Securities Pty Ltd, have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 2. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised 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 (more than 60 days overdue) are considered indicators that the trade receivable may be 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, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

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

Depreciation is calculated on a diminishing basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Period of lease
Information technology equipment	40 to 50%
Other equipment	10 to 20%

Note 2. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software development costs
Research costs and development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Directly attributable costs include employee costs (other than director costs), incurred on software development along with an appropriate portion of relevant overheads, if the costs directly related to the development project.

Capitalised software development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Amortisation commences when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Useful lives are reviewed at each reporting date. The useful life for capitalised software development costs is assessed as five years, unless the asset is used to support licensed software, in which case the asset is amortised over the remaining life of the licence.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life, and capitalised internally developed software that is not yet complete, is not amortised but is subject to impairment testing.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 non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 2. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Managed Accounts Holdings Limited, 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 financial year.

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018, however, other financial asset classes are not material to the Group. Financial liabilities of the Group are not impaired as the Group does not carry them at fair value.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. Based on property leases at the reporting date, the Group has leases on premises that will expire in August 2021.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for capitalisation of development costs are met requires significant judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that the carrying amount may be impaired.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than indefinite life intangible assets and assets not yet complete
The Group assesses impairment of non-financial assets other than indefinite life intangible assets and assets not yet complete at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be wholly settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

The Group treats their operations as the 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 and the revenues are sourced in Australia.

Major customers
During the year ended 30 June 2017 approximately $706,461 (2016: $1,578,416) of the Group's external revenue was derived from sales to one client (2016: three clients ($612,738, $504,844 and $460,834 respectively)).

Note 5. Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	6,109	-
Fixtures and fittings	1,849	-
Information technology equipment	26,040	27,595
Other equipment	-	3,958
Total depreciation	33,998	31,553
Amortisation		
Software	79,472	-
Total depreciation and amortisation	113,470	31,553
Other expenses		
Consulting fees	250,528	243,750
Computer hosting	159,434	165,784
Professional fees	143,451	106,311
Insurance	75,374	72,165
Travel costs	85,578	86,216
ASX listing fees	34,804	51,979
Conference fees	56,021	131,560
Data providers	20,856	37,965
Other expenses	316,548	136,979
Total other expenses	1,142,594	1,032,709
Finance costs		
Interest and finance charges paid/payable	1,015	590

Note 6. Income tax expense

	Consolidated 2017 $	Consolidated 2016 $
Income tax expense		
Deferred tax - origination and reversal of temporary differences	328,192	371,129
Adjustment to deferred tax balances as a result of change in statutory tax rate	60,947	-
Aggregate income tax expense	389,139	371,129
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 15)	328,192	371,129
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,059,787	1,111,593
Tax at the statutory tax rate of 27.5% (2016: 30%)	291,441	333,478
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	7,030	13,441
Cost of Employee Option Scheme	33,285	24,210
Share of profits - joint ventures	(6,375)	-
Expenses - joint ventures	2,811	-
	328,192	371,129
Adjustment to deferred tax balances as a result of change in statutory tax rate	60,947	-
Income tax expense	389,139	371,129

Note 7. Current assets - cash and cash equivalents

	Consolidated 2017 $	Consolidated 2016 $
Cash at bank	1,623,818	1,915,686

Note 8. Current assets - trade and other receivables

	Consolidated 2017 $	Consolidated 2016 $
Trade receivables	802,528	812,151
Other receivables	142,795	362,770
Prepayments	97,772	99,175
	1,043,095	1,274,096

Impairment of receivables
The Group has recognised a loss of $nil (2016: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

Note 8. Current assets - trade and other receivables (continued)

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $131,043 as at 30 June 2017 ($89,040 as at 30 June 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2017 $	2016 $
Less than 3 months overdue	39,785	68,500
3 to 6 months overdue	9,764	20,540
Over 6 months overdue	81,494	-
	131,043	89,040

Note 9. Current assets - other financial assets

	Consolidated	
	2017 $	2016 $
Term deposits	-	3,043,142
Bond for ASX membership	1,000,000	-
Bank deposits securing bank guarantees	163,318	73,496
	1,163,318	3,116,638

Weighted average interest rate is 2.14% (2016: 2.90%).

Note 10. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2017 $	2016 $
Investment in joint venture	523,180	-

Interests in joint ventures
Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2017 %	2016 %
McGregor Wealth Management Pty Ltd	Australia	49.90%	-

Note 10. Non-current assets - investments accounted for using the equity method (continued)

Summarised financial information

	McGregor Wealth Management Pty Ltd 2017 $	McGregor Wealth Management Pty Ltd 2016 $
Summarised statement of financial position		
Cash and cash equivalents	37,024	-
Other current assets	43,973	-
Non-current assets	1,410,000	-
Total assets	1,490,997	-
Current financial liabilities (excluding trade and other payables and provisions)	56,166	-
Other current liabilities	4,515	-
Non-current financial liabilities (excluding trade and other payables and provisions)	1,362,030	-
Total liabilities	1,422,711	-
Net assets	68,286	-
Summarised statement of profit or loss and other comprehensive income		
Revenue	900,153	-
Interest revenue	680	-
Finance costs	(76,811)	-
Expenses	(755,735)	-
Profit before income tax	68,287	-
Income tax expense	(21,834)	-
Profit after income tax	46,453	-
Other comprehensive income	-	-
Total comprehensive income	46,453	-
Reconciliation of the Group's carrying amount		
Opening carrying amount	-	-
Share of profit after income tax	23,180	-
Purchase of interest	500,000	-
Closing carrying amount	523,180	-

Note 11. Non-current assets - investments

	Consolidated 2017 $	Consolidated 2016 $
Investment - at cost	-	3,211
Other investments	22,873	-
	22,873	3,211

Note 12. Non-current assets - other financial assets

	Consolidated 2017 $	Consolidated 2016 $
Loan - McGregor Wealth Management Pty Ltd	225,000	-

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2017 $	Consolidated 2016 $
Leasehold improvements - at cost	33,381	28,612
Less: Accumulated depreciation	(6,109)	-
	27,272	28,612
Fixtures and fittings - at cost	10,105	-
Less: Accumulated depreciation	(1,849)	-
	8,256	-
Information technology equipment - at cost	95,169	55,380
Less: Accumulated depreciation	(61,628)	(35,588)
	33,541	19,792
	69,069	48,404

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Fixtures and fittings $	Information technology equipment $	Other equipment $	Total $
Balance at 1 July 2015	-	-	21,792	3,958	25,750
Additions	28,612	-	35,207	-	63,819
Disposals	-	-	(9,612)	-	(9,612)
Depreciation expense	-	-	(27,595)	(3,958)	(31,553)
Balance at 30 June 2016	28,612	-	19,792	-	48,404
Additions	4,769	10,105	39,789	-	54,663
Depreciation expense	(6,109)	(1,849)	(26,040)	-	(33,998)
Balance at 30 June 2017	27,272	8,256	33,541	-	69,069

Note 14. Non-current assets - intangibles

	Consolidated 2017 $	Consolidated 2016 $
Software development costs - at cost	1,287,652	-
Less: Accumulated amortisation	(79,472)	-
	1,208,180	-
Asset under development - at cost	1,408,450	1,076,832
	2,616,630	1,076,832

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Software development costs $	Asset under development $	Total $
Balance at 1 July 2015	-	216,370	216,370
Additions	-	860,462	860,462
Balance at 30 June 2016	-	1,076,832	1,076,832
Additions	1,287,652	331,618	1,619,270
Amortisation expense	(79,472)	-	(79,472)
Balance at 30 June 2017	1,208,180	1,408,450	2,616,630

Note 15. Non-current assets - deferred tax

	Consolidated 2017 $	Consolidated 2016 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	180,486	533,244
Provisions	14,300	17,504
Superannuation and other employee benefits	101,281	80,690
ASX Listing and capital raising costs deductible in future years	46,166	99,934
Deferred tax asset	342,233	731,372
Movements:		
Opening balance	731,372	1,102,501
Charged to profit or loss (note 6)	(328,192)	(371,129)
Adjustment to deferred tax balances as a result of change in statutory tax rate	(60,947)	-
Closing balance	342,233	731,372

Note 16. Current liabilities - trade and other payables

	Consolidated 2017 $	2016 $
Trade payables	398,528	174,443
Other payables	206,703	472,479
	605,231	646,922

Refer to note 21 for further information on financial instruments.

Note 17. Equity - issued capital

	Consolidated 2017 Shares	2016 Shares	2017 $	2016 $
Ordinary shares - fully paid	133,720,180	134,357,711	12,169,610	12,466,850

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2015	135,172,711		12,674,253
Share buy-backs		(815,000)	$0.254	(207,403)
Balance	30 June 2016	134,357,711		12,466,850
Issue of shares		1,047,400	$0.200	210,428
Share buy-backs		(1,684,931)	$0.300	(507,668)
Balance	30 June 2017	133,720,180		12,169,610

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
The current on-market share buy-back is unlimited in duration and for a maximum buy-back of 5,000,000 shares.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Group’s capital requirements in order to maintain an efficient overall funding structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 17. Equity - issued capital (continued)

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

ASIC announced a review of the capital requirements for Managed Discretionary Accounts ('MDA') licence holders. As a result of a recent ASIC CP 200 review, all MDA operators net tangible asset ('NTA') capital requirements could be up to $5,000,000. Based on our current Funds Under Advice the Group's requirement would be $5,000,000. ASIC recently announced that the CP 200 review results and advise they will review the NTA requirements in October 2018. The directors expect that NTA is likely to be introduced over a number of years before the full $5,000,000 will be required.

Note 18. Equity - share option reserve

	Consolidated	
	2017	**2016**
	$	**$**
Options reserve	201,733	80,695

Share option reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Note 19. Equity - accumulated losses

	Consolidated	
	2017	**2016**
	$	**$**
Accumulated losses at the beginning of the financial year	(5,296,578)	(4,958,690)
Profit after income tax expense for the year	670,648	740,464
Dividends paid (note 20)	(1,078,535)	(1,078,352)
Accumulated losses at the end of the financial year	(5,704,465)	(5,296,578)

Note 20. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2017 **$**	**2016** **$**
Interim dividend paid for the quarter ended 30 June 2016 of $0.002 per share	270,715	-
Interim dividend paid for the quarter ended 30 September 2016 of $0.002 per share	270,243	-
Interim dividend paid for the quarter ended 31 December 2016 of $0.002 per share	270,137	-
Interim dividend paid for the quarter ended 31 March 2017 of $0.002 per share	267,440	-
Interim dividend paid for the quarter ended 30 June 2015 of $0.002 per share	-	270,345
Interim dividend paid for the quarter ended 30 September 2015 of $0.002 per share	-	269,646
Interim dividend paid for the quarter ended 31 December 2015 of $0.002 per share	-	269,646
Interim dividend paid for the quarter ended 31 March 2016 of $0.002 per share	-	268,715
	1,078,535	1,078,352

It is expected that once all tax losses are utilised, all future dividends will be franked to the maximum extent possible. The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

The directors intend to target a payout ratio of between 60% and 80% of net profit after tax ('NPAT'). Until all the tax losses are fully utilised the directors may distribute from net profit before tax ('NPBT'). The level of payout ratio is expected to vary between periods depending on the factors above and, in particular, should value accretive strategic growth, acquisition or investment opportunities arise it may result in a payout ratio in the future that is less than the above target.

No assurances can be given by any person, including the directors, about the payment of any dividend and the level of franking on any such dividend.

Franking credits

The Group has not paid income tax and there are no franking credits.

Note 21. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') at the headquarters under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance focuses on actively securing the Group’s short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. Finance reports to the Board on a monthly basis.

Note 21. Financial instruments (continued)

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group has no borrowings.

The Group invests surplus cash in Australian banks term deposits and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. Relatively small balances are held at call for day to day activities.

The Group expects continue to be profitable and should require no cash other than the cash holding it has for working capital.

As at the reporting date, the Group had the following invested:

	2017		2016	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Term deposits	-	-	2.90%	3,043,142
Net exposure to cash flow interest rate risk		-		3,043,142

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

	Basis points increase			Basis points decrease		
Consolidated - 2016	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Term deposits	100	30,431	30,431	(100)	(30,431)	(30,431)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Note 21. Financial instruments (continued)

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	398,528	-	-	-	398,528
Other payables	-	206,703	-	-	-	206,703
Total non-derivatives		605,231	-	-	-	605,231

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	174,443	-	-	-	174,443
Other payables	-	472,479	-	-	-	472,479
Total non-derivatives		646,922	-	-	-	646,922

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2017	2016
	$	$
Short-term employee benefits	686,115	886,604
Post-employment benefits	64,031	80,722
Long-term benefits	9,663	21,170
Share-based payments	35,898	36,218
	795,707	1,024,714

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2017	2016
	$	$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	79,000	54,500
Other services - Grant Thornton Audit Pty Ltd		
Other assurance services	17,000	23,000
	96,000	77,500
Other services		
Due diligence	74,000	-
Tax advisory	2,600	13,000
	76,600	13,000

Note 25. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2017 or 30 June 2016.

Note 26. Commitments

	Consolidated 2017 $	2016 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	80,000	-
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	263,094	-
One to five years	878,865	-
	1,141,959	-

Note 27. Related party transactions

Parent entity
Managed Accounts Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Joint ventures
Interests in joint ventures are set out in note 10.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2017 $	2016 $
Loss after income tax	(716,018)	(176,573)
Total comprehensive income	(716,018)	(176,573)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2017 $	Parent 2016 $
Total current assets	177,082	912,316
Total assets	9,219,004	10,520,252
Total current liabilities	122,134	236,860
Total liabilities	1,682,500	1,012,993
Net assets	7,536,504	9,507,259
Equity		
Issued capital	12,169,610	12,466,850
Options reserve	201,733	80,695
Accumulated losses	(4,834,839)	(3,040,286)
Total equity	7,536,504	9,507,259

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 or 30 June 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 or 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 or 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Investment Administration Services Pty Ltd trading as managedaccounts.com.au	Sydney / Australia	100.00%	100.00%
Investment Administration Services Developments Pty Ltd	Sydney / Australia	100.00%	100.00%
Planner Holdings Limited	Sydney / Australia	100.00%	100.00%
PHL Securities Pty Ltd	Sydney / Australia	99.80%	99.80%
Margaret Street Nominees Pty Ltd	Sydney / Australia	100.00%	-

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2017 $	Consolidated 2016 $
Profit after income tax expense for the year	670,648	740,464
Adjustments for:		
Depreciation and amortisation	113,470	31,553
Share of profit - joint ventures	(23,180)	-
Share-based payments	121,038	80,695
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	231,001	(326,823)
Decrease in deferred tax assets	389,139	371,129
Decrease in other operating assets	73,496	-
Increase/(decrease) in trade and other payables	(41,691)	329,862
Increase in employee benefits	88,757	33,265
Net cash from operating activities	1,622,678	1,260,145

Note 31. Earnings per share

	Consolidated 2017 $	Consolidated 2016 $
Profit after income tax attributable to the owners of Managed Accounts Holdings Limited	670,648	740,464
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	133,720,180	134,779,000
Adjustments for calculation of diluted earnings per share:		
Shares deemed to be issued for no consideration in respect of share based payments	-	7,350,000
Options over ordinary shares	8,826,783	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	142,546,963	142,129,000
	Cents	**Cents**
Basic earnings per share	0.50	0.55
Diluted earnings per share	0.47	0.52

Note 32. Share-based payments

Employee Share Option Plan (‘ESOP’)
On 15 June 2017, the Board approved the adoption of a new Executive Share Option Plan ('ESOP') to employees who are 'senior managers' on the following terms subject to the ESOP rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.35 per option;
- options vest in three separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 but subject to satisfaction of specific exercise conditions associated with the Company's performance and the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

Note 32. Share-based payments (continued)

The purpose of the ESOP is to enable the Group to attract and retain skilled employees.

The ESOP options are granted under the following tranche criteria:

Tranche 1:

Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Tranche 2:

Proportion of options	33.3%
Vesting dates	31 July 2019
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Tranche 3:

Proportion of options	33.3%
Vesting dates	31 July 2020
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Employee Plan ('Plan')
On 2 November 2015, the Board approved the offer to all employees of a maximum of 6,350,000 options under the Employee Plan ('Plan') on the following terms subject to the Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.22 per option;
- for each employee/contractor, options vest in three separate tranches on 31 July 2016, 31 July 2017 and 31 July 2018 but subject to the satisfaction of specific exercise conditions associated with the Company's performance and the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

The purpose of the Plan is to enable the Group to attract and retain skilled employees and contractors.

The Plan options are granted under the following tranche criteria:

Tranche 1:

Proportion of options	33.3%
Vesting dates	31 July 2016
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Tranche 2:

Proportion of options	33.3%
Vesting dates	31 July 2017
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

Tranche 3:

Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditio	Company's performance and the performance of the relevant employee/contractors

Note 32. Share-based payments (continued)

2,000,000 options under the Plan issued to David Heather, the Company's Chief Executive Officer include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

All staff employed, as at the date of the employee share plan, were issued options during the financial year.

On 24 August 2016, the Board approved the offer to new employees of a maximum of 991,500 options under the Employee Plan ('Plan') on the following terms subject to the Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.33 per option;
- for each employee/contractor, options vest in three separate tranches on 31 July 2017, 31 July 2018 and 31 July 2019 but subject to the satisfaction of specific exercise conditions associated with the Company's performance and the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

The purpose of the Plan is to enable the Group to attract and retain skilled employees and contractors.

Tranche 1:	
Proportion of options	33.3%
Vesting dates	31 July 2017
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 2:	
Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 3:	
Proportion of options	33.3%
Vesting dates	31 July 2019
Exercise conditio	Company's performance and the performance of the relevant employee/contractors

Set out below are summaries of options granted under the plans:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/11/2015	22/10/2019	$0.220	6,350,000	-	(1,000,000)	(148,717)	5,201,283
05/09/2016	05/09/2020	$0.330	-	991,500	-	(366,000)	625,500
30/06/2017	30/06/2021	$0.350	-	3,000,000	-	-	3,000,000
			6,350,000	3,991,500	(1,000,000)	(514,717)	8,826,783

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/11/2015	22/10/2019	$0.220	-	6,350,000	-	-	6,350,000
			-	6,350,000	-	-	6,350,000

Note 32. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2017 Number	2016 Number
02/11/2015	22/10/2019	1,407,950	-
		1,407,950	-

The weighted average share price during the financial year was $0.35 (2016: $0.33).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.95 years (2016: 3.98 years).

For the options granted during the financial year, the Black-Scholes option pricing model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected Volatility *	Dividend yield	Risk-free interest rate	Fair value at grant date
05/09/2016	05/09/2020	$0.315	$0.330	40.40%	2.54%	1.30%	$0.0766
30/06/2017	30/06/2021	$0.350	$0.350	60.90%	2.30%	1.50%	$0.1450

* The expected volatility is based on the historic volatility (based on the remaining life of the option), adjusted for any expected change to future volatility to publicly available information.

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Don Sharp
Executive Chairman

25 August 2017
Sydney

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Independent Auditor's Report
To the Members of Managed Accounts Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Managed Accounts Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of software development costs – Note 3 and Note 14	
During the current financial year, the Group capitalised $1,619,270 of costs related to the development of several projects. AASB 138 *Intangible Assets* ("AASB 138") sets out specific criteria to be met in order to capitalise development costs. This area is a key audit matter due to the subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138.	Our procedures included, amongst others: • assessing the company's accounting policy for software development costs for adherence to AASB 138; • agreeing a sample of amounts capitalised to supporting documentation and assessing those amounts against the recognition criteria of AASB 138; and • assessing the adequacy of the related disclosures within the financial statements.
Investment in associate – Note 10	
Planner Holdings Limited ("PHL") was established on 10 March 2015 with Managed Accounts owning 100% of the share capital. PHL Securities Pty Ltd ("PHLS") was established on 4 July 2016. PHL owns 99.8% of the shares on issue in PHLS. On 15 July 2016, PHLS acquired 50% of the shares on issue in McGregor Wealth Managed Pty Ltd ("MWMPL"). Assumptions and judgement are required in determining the accounting treatment for the investment. This area is a key audit matter due to the complexity associated with accounting for the above transaction and the judgements involved in determining how to account for the investment in MWMPL.	Our procedures included, amongst others: • reading the share purchase agreements, with particular attention to purchase consideration, earn-outs, details of acquired assets and liabilities, contingencies and owner/employee compensation arrangements; • assessing management's determination of the classification of MWMPL as a joint venture for compliance with AASB 11 *Joint Arrangements*; • agreeing payments for the purchase of MWMPL to bank statements; and • assessing the adequacy of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 22 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Managed Accounts Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M R Leivesley
Partner - Audit & Assurance

Sydney, 25 August 2017

The shareholder information set out below was applicable as at 27 July 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Holdings	Total units
1 to 1,000	6	1,861
1,001 to 5,000	20	67,243
5,001 to 10,000	109	1,033,011
10,001 to 100,000	181	7,181,301
100,001 and over	70	125,436,764
	386	133,720,180
Holding less than a marketable parcel	8	4,752

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
VALEBARK PTY LTD (THE SCULLY INVESTMENT TRUST)	18,093,389	13.53
DONALD FINANCIAL ENTERPRISES PTY LTD (THE ELYSUM TRUST A/C)	18,093,389	13.53
PARMMS ENTERPRISES PTY LTD (PARMMS INVESTMENT TRUST A/C)	15,575,086	11.65
ARGO INVESTMENTS LIMITED	12,500,000	9.35
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,003,353	8.98
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND COLIN SCULLY AC)	6,777,433	5.07
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND DON SHARP PENSION AC)	6,777,433	5.07
SANCTUARY ENTERPRISES PTY LTD (THOMAS FAMILY A/C)	5,714,286	4.27
MR DAVID ALAN HEATHER	2,857,143	2.14
MR PAUL LA MACCHIA	1,828,572	1.37
MR KEITH JONES + MRS ROSLYN KAYE JEFFERS (JONE FAMILY RETIRE FUND A/C)	1,828,455	1.37
AKAT INVESTMENTS PTY LIMITED (TAG FAMILY NO 2 A/C)	1,560,000	1.17
BAHRAIN INVESTMENTS PTY LTD (BAHRAIN INVESTMENTS A/C)	1,458,333	1.09
MR DAVID ALAN HEATHER + MRS PANAYOTA HEATHER (HEATHER SUPER FUND A/C)	1,392,858	1.04
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	1,130,917	0.85
TORRES INDUSTRIES PTY LIMITED	1,049,994	0.79
TORRES INDUSTRIES PTY LIMITED	950,000	0.71
MRS LINDA JOY SHARP + MRS BROOKE MICHELLE LASHWOOD + MR DANIEL JAMES LASHWOOD (BMS SUPERANNUATION FUND A/C)	900,000	0.67
MR PETER WISEMAN	857,143	0.64
GREIN FAMILY PTY LTD (GREIN SUPER FUND A/C)	802,933	0.60
	112,150,717	83.89

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	8,826,783	19

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Tony Nejasmic	Options granted under the Employee Share Option Plans	3,000,000
David Heather	Options granted under the Employee Share Option Plans	1,833,333

Substantial holders

Set out below are the names of substantial holders in the Company and the number of equity securities in which each substantial holder and the substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company.

	Ordinary shares	
	Number held	% of total shares issued
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Securities Pty Ltd	31,668,255	23.68
Colin Scully and Valebark Pty Ltd	31,648,255	23.67
Starmay Superannuation Pty Ltd	13,554,866	10.14
Paul Collins and Parmms Enterprises Pty Ltd	17,765,602	13.27
Argo Investments Limited	12,500,000	9.35
Managed Accounts Holdings Limited	8,318,306	6.22
Financial Clarity	6,736,729	5.03

The Company has a relevant interest in its own securities arising out of its managed discretionary account services for IAS clients.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market share buy-back

On 14 August 2015, the Company announced a share buy-back of up to 2,000,000 shares for a period of 12 months. On 4 August 2016, the Company extended the buy-back to be unlimited in duration until the maximum amount of shares had been bought back.

Corporate Directory

Directors	Donald Sharp - Executive Chairman Peter Brook - Non-Executive Director Alexander Hutchison - Non-Executive Director
Company secretary	Jillian McGregor
Registered office	Level 5 28 Margaret Street Sydney NSW 2000 Tel: 1800 446 971
Share register	Registry Direct Level 6 2 Russell Street Melbourne VIC 3000 Tel: 1300 556 635
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Gadens Lawyers Level 16 77 Castlereagh Street Sydney NSW 2000 Coleman and Greig Level 11 100 George Street Parramatta NSW 2150
Stock exchange listing	Managed Accounts Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: MGP)
Website	www.managedacounts.com.au
Corporate Governance Statement	http://www.managedaccounts.com.au/CorporateGovernance/ASXCorporateGovernance/tabid/4543/Default.aspx

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