



Annual Report



ABOUT **COUNTPLUS LIMITED**

A story of revitalisation and strong growth.



Our growth program is oriented around those firms that offer strong capacity for value enhancement by CountPlus, through strategic partnership and investment.

CountPlus wrote to shareholders in August 2017 outlining our strategy and commitment to creating a national financial planning and accounting force.

The Company has begun empowering its 18-member firms with greater resources and the intellectual capital to realise this goal.

Under the leadership of new Chief Executive Officer Matthew Rowe, CountPlus has also made clear its intention to be an investor in high-quality practices around Australia, not necessarily a 100 per cent owner of these firms.

This is an important distinction. It underpins our aim of being recognised as Australia's leading network of professional accounting and advice firms, aligned through shared values, mutual success and a strong sense of community.

As part of its transformation, CountPlus has conducted an extensive, strategic review of each of the 18-member firms within the network. The Company is in advanced discussions with several CountPlus member firms regarding the rollout of the direct equity plan and buyback terms.

Our growth program is oriented around those firms that offer strong capacity for value enhancement by CountPlus, through strategic partnership and investment.

During this revitalisation and growth transition, CountPlus will be guided by five key drivers or benchmarks: Firms, People, Focus, Financial and Community.

CountPlus will provide financial and intellectual investment capital to expand its network of firms. CountPlus will add value through strategy, people, systems, structure, good governance and strong leadership.

The Company will invest in its people and build leaders. CountPlus will assist member firms to also build strong leaders and support the rising stars within their ranks.

The Company believes excellence will translate into a strong culture, which will be its competitive advantage and our focus.

CountPlus will make a decent profit, decently. This is our financial goal. Returns to our shareholders are derived from providing advice that makes a positive difference in the lives of our clients.

CountPlus and its member firms will work within their community; our reputation is the sum of our standing in every community. CountPlus will engage with professional associations for best practice, and establish pro-bono and philanthropic teams from within our firms to serve the community.

The CountPlus network becomes stronger and more dynamic as a deeper set of financial skills are added to the organisation, and the transformation is realised.

Our expansion will be sustained under the strong and disciplined leadership of Mr Rowe, a former chairman of the Financial Planning Association of Australia, a known change agent and a strong advocate for the good that comes from high standards delivered within a framework of best practice compliance, professionalism and client-first principles.

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The Company believes excellence will translate into a strong culture, which will be its competitive advantage and our focus.

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WHAT DO WE WANT TO BE?

To become Australia's leading network of professional accounting and advice firms, aligned through shared values, mutual success and our sense of community.

Key goals	 <p>Firms</p> <p>We provide financial and intellectual investment capital</p>	 <p>People</p> <p>We invest in people and build leaders</p>
Priority outcomes	<p>All principals are aligned owners with CountPlus</p> <p>CountPlus is a participatory investor in professional advice firms</p> <p>We add value through strategy, people systems, structure & governance, culture and leadership</p>	<p>A recognition culture that incentivises the demonstration of our values</p> <p>We assist firms build a bench strength of leaders and stars</p> <p>Our leaders are coaches</p> <p>We are who we promote</p>
Winning steps 2017	Successful Firms	Leaders and Stars



CountPlus collaborates with leading accounting and advice firms for the long-term success of our clients, people and shareholders.



Focus

We believe in excellence = process x culture

We build firms that transcend generations

Culture is our competitive advantage

We systemise the routine, but we lead people

We invest in technology that is additive to our core business

Best Practice Enabled



Financial

We will make a decent profit, decently

Efficient and disciplined use of capital

We invest in people that fit our family photograph

We deliver returns to our shareholders by providing advice that makes a positive difference in the lives of our clients

Sustainable and Profitable Firms



Community

Our reputation is the sum of what the community thinks of us

Redefine our network as a complementor to our firms success

Engage with Professional Associations for best practice

Establish pro-bono and philanthropic team from within our firms

Engaged Leaders and Teams

CHAIRMAN'S REPORT

RAY KELLERMAN

It has been a significant year for CountPlus which has announced several leadership changes and a new strategic direction.

Strategic Direction

The Board is confident in the growth opportunities within the accounting and financial advice sector in Australia. We believe the repositioning of the Company now underway will help CountPlus to capture those opportunities and achieve strong future growth.

CountPlus aims to become Australia's leading network of professional accounting and advice firms, aligned through shared values, mutual success and our sense of community. Our focus is derived from a clear strategy to become a partner in high-quality practices, rather than an owner. This focus will drive changes and improve the underlying performance of member firms.

Our intent is to invest in aligned member firms that offer high capacity for strategic value enhancement by CountPlus. Such businesses will form a strong and enduring bedrock for the Company's renewal.

As evidence of our commitment to growth and the new strategic direction, CountPlus recently sold six member firms (or subsidiaries of firms including associates). Two CountPlus member firms have merged. The Company is in advanced discussions with several CountPlus member firms regarding the rollout of its direct equity plan and buyback terms. Due diligence is underway with firms that offer prospect for investment. Other similar firms are being reviewed. The pipeline of potential firm investments is the strongest it has been since 2012.

The Company is making a significant investment to build a new platform for advisers to access our services going forward.



Fiscal Discipline

The Company balance sheet is markedly improved. Prudent fiscal management has helped CountPlus achieve a significant reduction in debt and the ability to recycle capital away from non-core investments – in support of the company's growth strategy.

At 31 December 2016, the net debt position of the company represented interest bearing debt of \$25.4m. As reported to shareholders in our preliminary financial results on 28 August 2017, the Company's bank debt had fallen to just \$6.68m.

The reduction in debt was achieved through the sale of the Company's investment in Class Limited, the sale of member firms and a more methodical approach to working capital management.

This undoubtedly places the Company in a stronger position.

The Company is making a significant investment to build a new platform for advisers to access our services going forward. Across Australia, we are boosting our advisory services as accounting functions become commoditised – with the rise of e-tax and cloud-based 'software as a service' providers such as Xero. Traditional accounting compliance work is 20 per cent less than it was five years ago, and this trend will continue. Hence, our greater focus on having the right talent, strategies and systems to adapt to this changing environment.

CountPlus firms will take advantage of cloud technology and position themselves as progressive and technology savvy firms to attract and retain clients, as well as prepare to service the next generation of clients who embrace technology.

I am confident the transformation progress will strengthen further the Company's financial position and produce greater profits from the burgeoning Australian financial services sector.

Executive and Board Renewal

In support of the Company's new strategic direction, CountPlus has boosted its management and renewed its Board. The Company appointed a new chief executive officer, Matthew Rowe, to drive the CountPlus revitalisation and growth strategy. Mr Rowe brings broad experience in managing professional services firms for growth and is a former chairman of the Financial Planning Association of Australia. He currently serves on the Board of the Financial Adviser Standards and Ethics Authority.

The CountPlus Board has been bolstered by several appointments, including those of accomplished financial service executives Kate Hill and Alison Ledger. I joined CountPlus as Non-Executive Chairman and a Director of CountPlus earlier in 2017. Non-Executive Director and Chair of the Audit and Risk Committee Graeme Fowler will be retiring from the Board on 30 September 2017. We thank Graeme for his sound advice and significant contribution while on the Board of the Company.

Barry Lambert

After many years of distinguished service, CountPlus founder Barry Lambert retired as Chairman on 26 April 2017 and will retire as a Director on 30 September 2017. Barry is without peer as founder of Count Financial and a pre-eminent leader in the financial services sector in Australia. In recognition of Mr Lambert's significant contribution to CountPlus and the financial services industry over the last 50 years, CountPlus has created the Barry Lambert Harvard Business School Scholarship. It is an enduring tribute to Mr Lambert, and recognises excellence amongst the new generation of leaders within the CountPlus network.

We wish Mr Lambert well in his future endeavours.

Summary

CountPlus is undergoing transformation to become a leader and realise its growth objectives. A new management team, a refreshed Board, a clear strategy and disciplined approach to executing on this strategy are the hallmarks for positive change, and our future success.

Thank you for being a CountPlus shareholder.



Ray Kellerman
Non-Executive Chairman
Sydney

CEO REPORT

MATTHEW ROWE

As your new chief executive, charged with renewing the fortunes of CountPlus Limited (CountPlus), the mandate given to me by the Board is simple.

Implement the changes needed to build a sustainable formula for ongoing success. A ground-up, long-term vision and transformation of the Company.

Review. Plan. Act.

In my first 100 days, I have been privileged to oversee an in-depth review, and to present strategic reform plans to the Board. This is the first time the Company has refreshed its strategy since the Company's listing on the Australian Securities Exchange in 2010.

The recommended actions formulate part of a two-year turnaround plan. Among its key tenets, the strategy introduces more disciplined financial controls, stricter corporate governance measures and a clear pathway to build quality partnerships with member firms who offer **leading advice**.

2017 Results

My fellow Directors and I reported a consolidated net profit before tax of \$2,163,000 for the year end 30 June 2017. Core underlying operating profit (after excluding the effect of the investment in Class Limited (Class) and non-cash impairments) was \$8,625,000 – which is an improvement on the prior year of \$8,189,000.

The Company's core operating profit was achieved at a time of significant change. As outlined below, a focus has been to work with our member firms to improve the key financial and strategic drivers. This has led to an improvement in performance since February 2017.

The improvement is borne out in the last six months to 30 June 2017, where accounting revenue for member firms increased by six per cent compared with the same period in the 2016 financial year.

The Company is working directly with member firms to build stronger partnerships, and develop talent within firms.

A Turnaround Strategy

Our strategy draws upon my in-depth review but is also guided by the judgement and wisdom of a refreshed and skilled Board, among them new Non-Executive members with complementary and seasoned experience, forged in leading, relevant companies.

Our agreed plans concentrate on five key capabilities: Firms, People, Focus, Financial and Community. Our efforts to maximise performance in each of these capabilities are guided by the fundamental principle of **doing what is right** by our clients, people, firms and shareholders.

Together with the overarching strategy, a new business operating plan was also developed. This plan articulates tighter operating controls: key milestones identified, measured against a balanced scorecard, with accountability and incentive frameworks all captured.

Such an operational plan, I believe, will help to boost the latent performance of the Company and to drive greater operating efficiencies.

Building Strength

Building the strength of the CountPlus member firm network is crucial.

The Company is taking a more active role in reviewing, guiding and leading quality firms – developing their intellectual capital – rather than simply acquiring such businesses outright.

I have personally met and reviewed each of our member firms. Subsequently, six member firms (or subsidiaries of firms including associates) have been sold, and two have merged. Potential acquisitions have been earmarked, with due diligence also underway. Firms within the CountPlus network that do not add value, or for good reasons do not match our core business vision, will be sold by June 2018.

To remain with the CountPlus group, member firms must meet ongoing quality and governance standards, and be aligned with our core principles, values and philosophy.

The changes being made to our structure and corporate governance reinforce as much as possible the two essential attributes in our dealings with partners: strong peer relationships and guidance with the myriad of business challenges and opportunities that every professional services firm must resolve. As part of this, I have implemented regular CEO communications and updates for member firms.

We have developed succession plans for member firms and implemented a risk management framework for those firms requiring a measured handover to the next generation of leaders.

CountPlus will provide financial and intellectual investment capital to expand its network. The Company is working directly with member firms to build stronger partnerships, and develop talent within firms. We are coaching Managing Principals on management skills and team performance, and supporting our staff towards enhancing their professional performance.

Fiscal Scrutiny

The Company has introduced stronger financial controls, closely monitoring cash flows, **boosting working capital and reducing debt**. The results are already evident.

There is a significant reduction in bank debt from the 30 June 2016 date of \$25,603,000 to \$13,551,000 at the 30 June 2017. This has been achieved through the sale of our shareholding in Class, as well as the exit of some member firms resulting from our strategic review.

At the time of the Company's preliminary financial results announcement for 2017, on 28 August, 2017 the Company's bank debt was \$6,680,000.

A key focus for CountPlus in the next six months will include asking Firm Principals to report on key financial drivers – part of a more disciplined approach to working capital. Our budget links production, revenue, profit and contribution margins.

These measures will help to build a stronger CountPlus.

The results are already evident as we develop a robust financial framework and national footprint.

We look forward to reporting how these strategic changes help to enhance the value of CountPlus, boost rewards for shareholders, member firms and employees.

Thank you for being a loyal co-investor in CountPlus.



Matthew Rowe
Chief Executive Officer

RECOGNISING EXCELLENCE

CountPlus is delighted to acknowledge David Reeves, Principal at CountPlus member firm Cooper Reeves, as the inaugural recipient of the Barry Lambert Harvard Business School scholarship.



Barry Lambert

David Reeves

Mr Reeves embodies many of the high-quality business attributes and commitment to excellence that is a hallmark for the future growth and development of the talent within our Company and its member firms.

CountPlus is delighted to acknowledge David Reeves, Principal at CountPlus member firm Cooper Reeves, as the inaugural recipient of the Barry Lambert Harvard Business School scholarship.

Mr Reeves embodies much of the high-quality business attributes and commitment to excellence that is a hallmark for the future growth and development of the talent within our Company and its member firms.

David is a consistent high-performer and has built an admirable culture at Cooper Reeves that is widely admired within CountPlus, and the broader professional services community.

This annual award honours CountPlus founder Barry Lambert, creating an enduring legacy of Mr Lambert's significant contribution to the Company and to the financial services industry over the last 50 years.

Each year, the Board will choose one recipient from within the CountPlus senior network to undertake the "Leading Professional Services Firms" education program at Harvard Business School, in the United States.

The Company chose a fitting recipient for the inaugural award in David Reeves, pictured here accepting his scholarship from Barry Lambert.

The scholarship seeks to reward prominent achievers within the CountPlus network and includes the costs of tuition, accommodation and travel to the United States.

FINANCIAL SUMMARY

	2015	2016	2017	2017/2016 change
	\$'000	\$'000	\$'000	%
Total Net Revenue ¹	88,405	87,617	87,594	(.03%)
Non-cash fair value adjustments ²	–	16,294	–	(100.0%)
Other income	2,536	2,396	2,688	12.2%
Total Operating Expenses ³	(74,698)	(81,641)	(84,983)	4.1%
EBITA before profit from associates	16,243	24,666	5,299	(78.5%)
Share of profit from associates ⁴	893	1,111	892	(19.7%)
Operating profit (EBITA) ⁵	17,136	25,777	6,191	(76.0%)
Interest Expense ⁶	(1,281)	(1,293)	(1,157)	(10.5%)
Amortisation Expenses ⁷	(2,804)	(2,673)	(2,871)	7.4%
Profit before Tax	13,051	21,811	2,163	(90.1%)
Income tax expense ⁸	(3,117)	(7,831)	(1,288)	(83.6%)
Consolidated Net Profit after Tax ⁹	9,934	13,980	875	(93.7%)
Profit attributable to Owners of CUP	9,930	13,392	(106)	(100.8%)
Profit attributable to Non-controlling interest	4	588	981	
	9,934	13,980	875	
Basic earnings per share (Cents)	9.01	12.13	-0.10	(100.8%)
Diluted earnings per share (Cents)	9.01	12.13	-0.10	(100.8%)
Current assets	33,766	29,061	31,588	8.7%
Current liabilities	18,892	19,293	21,322	10.5%
Current ratio	1.79	1.51	1.48	
Non-current assets ¹⁰	71,672	90,456	66,958	(26.0%)
Non-current liabilities ¹¹	33,296	37,469	19,474	(48.0%)
Net Assets	53,250	62,755	57,750	(8.0%)
Net Debt ¹²	20,287	19,277	5,294	(72.5%)

Notes to Financial Summary

1. Net Revenue

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

Accounting related revenue represents 69% of total net revenue and was up on the prior period by 3.8%. Financial planning revenue makes up 22% of total net revenue and was down 5.5%. Property related revenue contributed 6% to total net revenue for the year and was up 4.6% over the prior period. Total net revenue was marginally down on last year by 0.03%.

2. Non-cash fair value adjustments

Non-cash fair value adjustment relates to the fair value gain on Class shares held by the Company. During the year CountPlus Limited and its subsidiaries sold 5,205,540 Class shares, as a result, as at 30 June 2017 CountPlus Limited together with its subsidiaries held 1,122,000 shares.

3. Operating Expenses

Salary & employment expenses relating to Member Firms was marginally down 0.6%. Corporate office salary and employment expenses was higher by 7% due to changes in key positions and the Board.

Excluding the non-cash impairment expense and fair value loss on investments, all other operating expenses marginally decreased by 1.4%.

4. Share of Profits from Associates

This item is made up of the Group's share of profits from five associates as disclosed in the Notes to the Financial Statements. Associates Hood Sweeney and Hunter Financial made the largest profit contributions to the Company this year. We have sold our investments in McQueen Financial Group and Financial Momentum VIC back to the existing Principals.

5. Operating Profit (EBITA)

Operating profit decreased by 76% partly due to the non-cash impairment expense and fair value loss on investments this year. A significant fair value gain on investment in Class Limited of \$16.3m in the prior year also contributed to this reduction. Core underlying operating profit (after excluding the effect of the investment in Class and non-cash impairments) was \$8.6M which is an improvement on prior year of \$8.2M. The Directors note the increase in core operating profit has been achieved at a time of significant change in the Company as we define, align, build and grow our core business.

6. Interest Expense

The Company has a financing facility with Macquarie Bank which is used primarily to fund new investments. Interest expense decreased by 10.5% as a result of significant loan reductions following the sale of Class shares, sale of member firms and a more methodical approach to working capital management. Interest expense is expected to reduce further in 2018.

7. Amortisation Expense

Amortisation expenses (non-cash) of \$2.9M (2016: \$2.7M) relate primarily to an accounting requirement to write down the value of intangible assets, acquired client relationships and adviser networks, over their expected lifetime. A conservative diminishing value method is used to amortise these assets, ensuring that the proportional impact of this line item is reducing over time.

8. Income tax expense

Income tax expense for FY17 is relatively high mainly due to the non-deductibility of the impairment of goodwill and investments. The prior year was a high number due to the tax expense on the fair value gain on Class shares held.

9. Consolidated net profit after tax

Consolidated net profit after tax was \$0.9M for the period as a result of non-cash impairment expense (\$5M) and fair value loss on investments (\$1.5M). Profit/(loss) attributable to CUP shareholders was -\$0.1M.

10. Non-current assets

Non-current assets are down 26% over prior period as a result of the sell down of Class shares and the non-cash impairment of Goodwill.

11. Non-current liabilities

Non-current liabilities are down 48% over prior period due to a \$12M reduction in the Macquarie Bank loan facility and a reduction in deferred tax liabilities.

12. Net Debt

Net Debt is down 72.5% over prior period due to a \$12M reduction in the Macquarie Bank loan facility, sale of member firms and a more methodical approach to working capital management.

COUNTPLUS BOARD



Graeme Fowler

Graeme Fowler was appointed a Director of CountPlus Limited in August 2010 and is Chairman of the Audit and Risk Committee. He has over 30 years' experience in business management across a range of industries. He currently acts as Chief Operating Officer of Australian Financial Planning Group.

Mr Fowler retires from the CountPlus Board effective September 30, 2017.

His previous executive roles have included Group Chief Executive and Chief Financial Officer of listed financial services business WHK Group Limited

(Crowe Horwath) and Managing Director and Chief Executive of legal firm ILH Group.

Prior to this, Mr Fowler spent over 15 years in senior management roles with the BT Financial Group.

Kate Hill

Kate Hill is a recently appointed CountPlus Director and former audit Partner with Deloitte Australia. Ms Hill joined the CountPlus Limited Board in June 2017.

Ms Hill was the first female partner admitted to the Deloitte Australia Board of Partners (2000–2002) and the first female member of the Deloitte senior leadership team.

She has worked for many years advising listed companies and private businesses on growth. Ms Hill currently serves as director of the Westmead Medical

Research Foundation and is a member of its Finance and Risk Committee. In addition, she serves as company secretary for Novogen Limited.

She holds a Bachelor of Science (Hons), is a member of the Institute of Chartered Accountants and is a graduate of the Australian Institute of Company Directors.



Ray Kellerman

Ray Kellerman was appointed Non-Executive Chairman and a Director of CountPlus Limited in April 2017. He has almost 30 years' experience in the financial services industry, including leading roles with several funds management, financial advisory and insurance companies. He holds qualifications in law, economics, investment securities and management.

Mr Kellerman currently acts as a director for Goodman Funds Management Australia, Foundation Life New Zealand and Ryder Capital. He is a Director and owner of Quentin Ayers, an advisory firm specialising in private equity and alternative investments.

He acts in governance and management roles for several Australian fund managers. Previous roles have included acting as Independent Chairman of ASX-listed financial services company ClearView and Independent Chairman of Credit Suisse Asset Management Australia.





Barry Lambert

Barry Lambert has been a director of CountPlus Limited since 2006, serving the company and its shareholders with great distinction. He retires from the Board, effective 30 September 2017.

Mr Lambert held the position of CountPlus Chairman for 11 years until April 2017. He is the Chairman of the Count Charitable Foundation and was a director of ASX listed software company Class Limited until his resignation on 9 February 2017.

In recent times, Mr Lambert has pioneered the commercial development of medicinal cannabis and he is devoting more time to philanthropy.

He has sponsored a medicinal cannabis research centre at Thomas Jefferson University in Philadelphia, US. He is Chairman of Ecofibre, an 18-year old Australian company, considered a global leader in all aspects of industrial hemp, as he pursues his goal of legalising medicinal cannabis for use with Australian patients.

Alison Ledger

Alison Ledger has experience spanning over 30 years in the financial services industry. As a former partner with McKinsey & Company in Sydney and London, Ms Ledger advised leading global and Australian banks on strategy and organisational change.

She was an Executive Director of IAG Life and held several senior roles with the insurer.

Ms Ledger's Board duties include serving as Non-Executive Director with Audinate, an audio technology company, and Latitude Financial Services.

Her more recent positions have included being a Director at Arlington Capital.

Ms Ledger holds an MBA from Harvard Business School. She was appointed a Director of CountPlus in October 2016.



Matthew Rowe

Matthew Rowe was appointed Chief Executive Officer of CountPlus Limited in February 2017 after being appointed a Director of the company in October 2016.

Mr Rowe brings to the company a successful track record in leading professional services organisations.

Before CountPlus, Mr Rowe was the Managing Director of Hood Sweeney, the 30th largest accounting firm in Australia. He was also the longest serving Chairman in the history of the Financial Planning Association of Australia.

Mr Rowe has completed the General Management Program at Harvard Business School. He currently serves as a Non-Executive Director with book-keeping company My Accounts and serves on the Board of the Financial Adviser Standards and Ethics Authority as a Financial Services Representative Practitioner member.

Mr Rowe served as the Chair and trustee of the charitable foundation Future2 from 2010 to June 2017.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of CountPlus Limited (“Company”, “CUP”) and the entities it controls, for the financial year ended 30 June 2017.

Board of Directors and Company Secretary

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

Name	Position	Date of Appointment
Ray Kellerman	Independent Non-Executive Director Chairman	16 January 2017 27 April 2017
Matthew Rowe	Non-Executive Director Director / Chief Executive Officer / Managing Director	1 October 2016 until 23 February 2017 24 February 2017
Alison Ledger	Independent Non-Executive Director	1 October 2016
Barry Lambert	Non-Executive Director Chairman	10 August 2007 10 August 2007 until 26 April 2017
Graeme Fowler	Independent Non-Executive Director	26 August 2010
Kate Hill	Independent Non-Executive Director	26 June 2017
Phillip Aris	Director / Chief Executive Officer / Managing Director	Appointed 14 January 2015 resigned 23 February 2017
Philip Rix	Executive Director	Appointed 1 April 2012 resigned 10 November 2016
Arlette Jubian	Company Secretary	20 June 2012
Angus Finney	Company Secretary	17 July 2017

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

Meetings of Directors

The Board of Directors has an Audit & Risk Committee, an Acquisition Committee and a Remuneration and Nominations Committee. The Members acting on the Committees of the Board, the number of meetings held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

Name	Directors' Meetings		Audit & Risk Committee		Acquisition Committee		Remuneration and Nominations Committee	
	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Ray Kellerman ²	Non-Executive Chairman	4 / 4	Member	3 / 3		0/0	Member	1 / 1
Matthew Rowe ³	Managing Director/CEO	5 / 5		4 / 4 ¹	Member	0/0	Member	1 / 1
Barry Lambert	Non-Executive Director	4 / 6	Member	3 / 5		0/0	Member	1 / 2
Alison Ledger ⁴	Non-Executive Director	5 / 5	Member	4 / 4	Chair	0/0	Chair	1 / 1
Graeme Fowler	Non-Executive Director	5 / 6	Chair	5 / 5	Member	0/0	Member	2 / 2
Kate Hill ⁵	Non-Executive Director	N/A	Member	N/A		N/A		N/A
Phillip Aris ⁶	Managing Director/CEO	3 / 3		4 / 4 ¹	Member	0/0	Member	1 / 1
Philip Rix ⁷	Executive Director	2 / 2		2 / 2 ¹	Member	0/0		1 / 1 ¹

¹ Non-Members in attendance.

² Ray Kellerman was appointed as a Director on 16 January 2017 and Chairman on 27 April 2017.

³ Matthew Rowe was appointed as a Director on 1 October 2016 and MD/CEO on 24 February 2017.

⁴ Alison Ledger was appointed as a Director on 1 October 2016.

⁵ Kate Hill was appointed as a Director on 26 June 2017.

⁶ Phillip Aris resigned as a Director and CEO on 23 February 2017.

⁷ Philip Rix resigned as a Director on 10 November 2016.

Directors' Interests

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

Name	Number of Ordinary Shares
Ray Kellerman	325,000
Matthew Rowe	563,048
Barry Lambert	5,398,062
Graeme Fowler	18,595
Kate Hill	44,725

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

Principal Activities

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

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

Review of Operations and Financial Results

- ▶ Net Operating Profit Before Tax \$2,163,000;
- ▶ TFSA settles with indemnity insurer; and
- ▶ Capital recycling program underway, debt significantly lower.

The Directors of CountPlus Limited report a consolidated net profit before tax of \$2,163,000 for the year end 30 June 2017.

Core underlying operating profit (after excluding the effect of the investment in Class Limited (Class) and non-cash impairments) was \$8,625,000 which is an improvement on the prior year of \$8,189,000. The Directors note this core operating profit has been achieved at a time of significant change in the company as we define, align, build and grow our core business.

The new management team has been focussed on working with our firms to improve the key financial and strategic drivers within our partner firms.

This renewed focus has led to an improvement in performance since February 2017. This can be borne out in the last six months to 30 June 2017 where accounting revenue for the underlying firms increased by 6% compared to the same period in the 2016 financial year.

Total Financial Solutions Australia (TFSA)

As a result of the additional licence conditions imposed on Total Financial Solutions Australia Limited (TFSA) effective 25 September 2015, TFSA is currently conducting an ongoing review of financial product advice provided by one of its authorised representatives for the period commencing 1 January 2013 to 11 December 2015.

The review and remediation program involves approximately 520 retail clients. The objective of the program is to assess the appropriateness of the advice provided and if the advice is found to be inaccurate, incomplete or inappropriate then TFSA is to restore the financial position of each of these clients.

TFSA has reached an agreement with its professional indemnity insurer to provide a contribution of \$3,250,000 towards expected financial detriment that affected clients may have suffered as a result of the advice provided.

TFSA has finalised the methodology to be undertaken in order to assess the quantum of any client detriment and is currently assessing that detriment.

TFSA has previously advised that it provisioned \$530,000 at 30 June 2016 to cover the cost of assessing all advice provided. A further \$1,187,000 has been provided during the financial year ended 30 June 2017 to cover any additional anticipated costs (net of any contribution from the professional indemnity insurer) of the review and remediation program, including costs associated with assessed clients, where it is considered probable that there will be an outflow of resources. The Company has not recognised a provision in respect of those clients where it is not considered probable (but still possible) that there will be an outflow of resources. Costs of \$835,000 have been incurred during the year, and therefore the balance of the provision is \$882,000 at 30 June 2017.

In summary

Total costs to remediate the Dobinson matter	\$4,132,000
Less insurance proceeds	(\$3,250,000)
Provision at 30 June 2017	\$882,000
Provision at 30 June 2016	\$530,000
Additional amounts provided during the year	\$1,187,000
Less costs incurred in the 2017 financial year	(\$835,000)
Provision at 30 June 2017	\$882,000

After considering this commercial settlement, and working through several assumptions in what is a very complex matter the Board does not believe, based on estimates made to date, that the company will require any further provision above that made to date for the remediation of Mr Brian Dobinson's clients.

TFSA has a new Board and management team which will ensure TFSA's corporate governance will strengthen the business and client offerings of each of the professional firms it serves in the network. We have made significant changes to the TFSA operating model to reflect our desire to build a high quality licensee offering a sustainable business. These changes will have a short-term impact on TFSA as we transition to a new business model. As a result of these changes, the recoverable amount of the TFSA cash generating unit is now lower than the carrying value. Accordingly an impairment of \$2,700,000 has been recognised.

Capital Management

There is a significant reduction in bank debt from 30 June 2016 of \$25,603,000 to \$13,551,000 at 30 June 2017. This has been achieved through the sale of our shareholding in Class Limited as well as a result of the exit of some of our member firms resulting from our strategic review.

Our recent strategic review has led to the merger of two firms, CountPlus One and Wearne & Co in late June 2017 to create a stronger firm with an improved client value proposition. As part of this process the Board believes it is prudent to make a further final impairment of the Wearne goodwill of \$750,000 which when added to the provision of \$780,000 at the half year, is a total impairment of \$1,530,000.

Firms that offer little or no capacity for strategic value enhancement by CountPlus will not form part of the company's two-year renewal program. We have recently disposed of our interest in McQueen Wealth Management, Financial Momentum and CountPlus National Audits. During the 2017 financial year we also disposed of our interest in CBC Financial Advisers. These four entities contributed a total net loss of \$96,000 for year end 2017. The consideration for their combined disposal is \$6,151,000 and these funds will be used to reduce debt.

The sale of select firms has recovered our initial cash outlay/investment as well as contributing funds to reduce our debt. However, on the sale of McQueen Wealth Management and Financial Momentum, being TFSA associates, an impairment has taken place. This is due to the current accounting treatment which requires the original investment to include both the initial cash outlay plus expected deferred payments (which are subject to financial thresholds). If these financial thresholds are not met, the deferred payment is recorded as income, not a reduction in investment. We are also required to equity account our share of profit, which is offset by the payment of any dividends.

Our investment in Class has been a strong performer for CUP shareholders. The sale proceeds from Class have been used to reduce debt. As at the 30 June 2017 we held 1,122,000 Class shares that have been sold post balance date.

Having now exited our Class investment position our total cash purchase cost for our Class shareholding was \$4,009,000 and we received total cash funds from the sale of our Class shareholding of \$15,979,000.

Significant Changes in the State of Affairs

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

The following acquisitions and investments were made:

- ▶ In July 2016, CountPlus subsidiary Kidmans Partners Pty Ltd acquired 100% of the business assets of McPherson Financial Solutions Pty Ltd.
- ▶ In July 2016, CountPlus subsidiary Pacific East Coast Pty Ltd acquired the remaining 50% of the business assets of Home Port Property Group Pty Ltd.
- ▶ In November 2016, CountPlus subsidiary Mogg Osborne Pty Ltd acquired 100% of the business assets of Brooks Accountants Pty Ltd.
- ▶ In December 2016, CountPlus subsidiary the MBA Partnership Pty Ltd acquired 100% of the business assets of DFK Crosbie Pty Ltd – Gold Coast.
- ▶ In January 2017, CountPlus subsidiary 360 Financial Advantage Pty Ltd acquired a portion of the business assets of R W Fox & Associates.

In March 2017 the Company disposed of its 75% interest in a Sydney based Member Firm, Cartwright Brown & Company Financial Planning to the existing principal management team for a cash consideration of \$1.8m. The consolidated results include 9 months contribution by Cartwright Brown & Company. An accounting gain of \$820,000 was booked on the disposal of the business. The CountPlus Board and Cartwright Brown & Company Financial Planning jointly formed a view that the focus of the Companies were not aligned and therefore the sale was in the best interests of CountPlus.

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

Dividends

Dividends of 5 cents per share were declared and paid for the 2016/17 financial year as follows:

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2017	Fully Franked	Paid	2.0 (per fully paid share)	15/11/2016
2017	Fully Franked	Paid	2.0 (per fully paid share)	15/02/2017
2017	Fully Franked	Paid	1.0 (per fully paid share)	15/05/2017

The Company has recently announced a revised dividend policy. Consistent with our renewed and disciplined approach to capital management we have revised our dividend policy to move from quarterly to half-yearly dividend payments, which will coincide with the company's bi-annual financial reporting periods. It is also intended that dividends will be declared in the range of 40% to 70% of maintainable net profit after tax and minority interests, subject to market conditions and company performance. The declaration will be made after Board approval of the reporting results of CountPlus. There is no dividend payable for 30 June 2017 based on the need for ongoing operational improvements. We expect that dividends will resume based on the half year 31 December 2017 results, if approved by the Board. A progress report will be provided at the Annual General Meeting.

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

Matters Subsequent to the End of the Financial Year

On 1 July 2017 CountPlus Limited sold 100% of its interest in Sydney and Wagga based subsidiary, CountPlus National Audits. The consideration for the sale was \$1,100,000, with the transaction settled on 31 July 2017.

On 8 July 2017, CountPlus Limited's 100% owned subsidiary Total Financial Solutions Australia Limited sold its 49% equity interest in McQueen Financial Group. The consideration for the sale is \$2,396,689, with the transaction settled on 31 August 2017. A payment of \$958,676 was received in August 2017 with the remaining consideration to be settled in three deferred payments.

Subsequent to year end, CountPlus Limited and its subsidiaries disposed of 1,122,000 shares in Class Limited for consideration of \$3,583,744 (after transaction costs).

As previously announced, directors Barry Lambert and Graeme Fowler have both indicated their intentions to retire from the Board of Directors on 30 September 2017.

On 30 August 2017 the Company's Chief Financial Officer John Collier tendered notice of his resignation and is expected to leave CountPlus in November 2017.

On 30 August 2017 CountPlus Chairman Ray Kellerman through his family trust, RK Sydney Pty Ltd, bought an additional 175,000 shares in CountPlus Limited.

On 30 August 2017 CountPlus Managing Director and CEO Matthew Rowe through his superfund, Rowe Heaney Super Fund Pty Ltd, bought an additional 183,048 shares in CountPlus Limited.

On 31 August 2017 CountPlus Non-Executive Director Kate Hill through Dunford Superannuation Fund Pty Ltd bought 44,725 shares in CountPlus Limited.

Other than the above, no matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial year;
- (b) the results of those operations in future financial year; or
- (c) the consolidated entity's state of affairs in future financial year.

Likely developments, Business Strategies and Prospects.

A letter has been sent to shareholders providing a report into the new operational and strategic initiatives being driven by the company.

Growth

Growth will follow decisive action on key matters that have recently hampered the company's reputation and its financial performance. Our detailed strategic pathway is endorsed by a refreshed, highly-credentialled CountPlus Board. As we re-position the company we are building the capacity to undertake merger and acquisition opportunities at a time of unprecedented change in our core business segments.

Our Core Business

The Company's core business is Accounting, Business Advisory and Financial Planning services. These segments account for 91 per cent of revenue.

Over the next two years the Company will align, build, and grow its core business. We will do this through our five key strategic drivers:

1

Firms

2

People

3

Focus

4

Financial

5

Community

Firms

Direct Equity Plan (DEP)

CountPlus understands that alignment with our people, firms, clients and shareholders is an important part of our future strategic direction. A new DEP framework has been approved by the CountPlus Board and is being implemented so that CountPlus becomes a PARTNER IN and not an OWNER OF Accounting, Business Advisory and Financial Planning firms. These changes are designed to align member firms with CountPlus' goals, and improve overall performance. In line with this, the company has created a strong merger and acquisition capability using independent experts. Productive discussions have been held with several CountPlus firms over their DEP options.

Non-core divestment

CountPlus has undertaken a comprehensive review of all member firms. This review focused on the five key drivers of client, people, focus, financial and community. It highlighted our best performing firms looking at a matrix of qualitative and quantitative factors, as well as highlighting firms that for various reasons did not fit our strategic plan. Where CountPlus cannot offer strategic value enhancement these firms will not form part of our renewal program. Our strategic review highlighted our preference to invest in firms that are converged Accounting, Business Advisory and Financial Planning businesses.

People

Great people and engagement

In line with our 'quality partnerships, leading advice' promise, CountPlus seeks to partner with leaders while promoting leadership qualities within our existing network, and future member firms. In recent months, we have:

- ▶ Engaged with the leaders in the CountPlus community and agreed on a set of values and team rules;
- ▶ Sought feedback from and listened to the Principals within our network;
- ▶ Welcomed the appointment of a new Chairman of CountPlus, Ray Kellerman;
- ▶ Welcomed a company Board refresh, including the recent appointment of Kate Hill with her deep accounting practice experience to the CountPlus Board;
- ▶ Welcomed Board renewal at TFSA;
- ▶ Welcomed Angus Finney as General Counsel and Company Secretary;
- ▶ Appointed a new Managing Director of Kidmans Partners, Ross Hedrick;
- ▶ Appointed a new Managing Director to the merged firm of CountPlus One, Richard Felice; and
- ▶ Appointed a new CEO of TFSA, Andrew Kennedy.

Focus

Quality processes and systems

Best practice is the mantra for the Focus element of our strategy – from the systems and processes we generate, to the culture of excellence we seek to seed and foster within our member firms in relation to both client and operational best practice. In recent times, among other areas of focus, the Company has:

- ▶ Tightened operating protocols and procedures in relation to working capital, debt and other fiscal metrics;
- ▶ Implemented controls and reporting standards for each member firm based on key metrics;
- ▶ Introduced merger and acquisition (M&A) capability in conjunction with independent experts; and
- ▶ Engaged with growing client demand for cloud based digital solutions.

Financial

Profitability and capital management

Ethics and profit should be complementary and sustainable. The company has taken measures to position itself well for creating sustainable value. We wish to make a decent profit, decently.

We anticipate an improvement in 2018 operating profit. Prudent fiscal management has helped CountPlus to not only forecast a significant reduction in debt but the ability to recycle capital in support of the Company's growth strategy. The Company seeks to invest in a growing pipeline of firms that meet its investment approach and revised quality criteria.

Community

Strong identity by simply doing what is right

- ▶ The Company and its member firms' reputation will reflect the combined effort and systematic changes now occurring. Already, the focus on Community has yielded strong reputational dividends, with the recent announcement of various initiatives;
- ▶ In honour of Company founder, Barry Lambert, CountPlus has announced the creation of the Barry Lambert Harvard Business School Scholarship. The scholarship acknowledges Mr Lambert's significant contribution over the last 50 years, both to the Company and the broader financial services sector;
- ▶ David Reeves, Managing Principal of Cooper Reeves, is the inaugural winner of the Barry Lambert Harvard Business School Scholarship and commences study in February 2018;
- ▶ Each year, the Board will choose one recipient from within the CountPlus senior network to undertake the "Leading Professional Services Firms" Executive Education program at Harvard Business School in Boston, USA; and
- ▶ A Principals leadership forum was held in April, including all member firms, DEP firms, Associate firms. This was the first of its kind in CUP history.

Material Business Risks

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

Operational Risk

The main operational risk for our Member Firms relates to potential loss of clients which may be triggered by either senior team departures or declining service levels. Member Firms have regular board and management meetings in which the performance of the firm and forecasts are analysed. Any operational issues are also addressed at those meetings. Member Firm Principals are subject to restraint clauses as part of their employment contracts. In addition all Principals have succession plans in place. The CEO of each firm is required to submit a monthly report (with a copy to corporate office) on a number of key operational aspects covering clients, people, financial, focus and community. Training and compliance monitoring has been implemented to ensure standards are being met. The Company has also launched a Direct Equity Plan whereby employees can purchase equity in the business in which they are employed. This is expected to assist retention of key employees and provide additional incentives.

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

For the Total Financial Solutions group (which includes Group subsidiaries, Total Financial Solutions Australia Limited, TFS Operations and TFS Advice), which includes a financial planning dealer group, a significant risk relates to potential loss of advisers to competitors. The Directors of TFS Operations regularly review their offering to advisers to ensure they are market competitive.

Legislative Risk

In terms of legislative risk, any substantive changes that impact the provision of accounting/tax services or financial planning services in particular, could have a material impact on the Group. For accounting/tax related services, initiatives being considered by the Federal Government to further reduce the requirement for individuals to lodge tax returns may have some impact on the compliance based work for some Member Firms. Legislative risk is not currently expected to significantly impact the profitability of accounting based Member Firms and the Group, but it will continue to be closely monitored by the Board's Audit & Risk Committee.

Equity Plans

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

Under the employee loyalty plan, full-time employees (excluding firm Principals) of subsidiaries with a service period of 12 months or more, may be issued \$1,000 worth of ordinary shares. Part-time employees receive a proportional entitlement and employees of Member Firms that are not fully owned subsidiaries also receive a proportional entitlement. No shares were issued to employees in the 2017 allocation.

The Company allocated 386,733 loan funded shares to the previous CEO and to the CFO on 21 November 2016 under a loan funded share plan at a price of \$0.8171 per share following shareholder approval at the 2016 Annual General Meeting. At the subsidiary firm level, entitlements are allocated to subsidiary firms who have grown their profits, as measured by earnings per share growth, by 10% or more, over their previous highest year since CountPlus acquisition. Firms that are not fully owned, receive a proportional entitlement. Allocations to employees are determined by the relevant Member Firm's Board. The shares are funded by an interest-free, non-recourse loan and are restricted for 3–5 years. The shares are held by an employee share trust until they are vested and the loan repaid. The shares are entitled to dividends which are used to repay the loan and meet recipient's tax obligations. Shares issued to Phil Aris and John Collier will not vest as they have since resigned. The shares for Phil Aris were fully excluded for FY2017 following Mr Aris' departure from CountPlus during the 2017 financial year.

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

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

More information is included in the Remuneration Report, which starts on page 25.

Remuneration Report (audited)

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

Remuneration and Nominations Committee

The Remuneration and Nominations Committee of the Board of Directors of CountPlus Limited is responsible for determining and reviewing remuneration arrangements for the Directors and group executives.

The Committee's purpose is to:

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

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

Use of Remuneration Consultants

CountPlus Limited Remuneration and Nominations Committee employed the services of Aon Hewitt to review and to provide recommendations in respect of the amount and elements of the new CEO executive remuneration, including short-term and long-term incentive plan design.

Under the terms of the engagement, Aon Hewitt provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid \$7,400 for these services.

Aon Hewitt has confirmed that the above recommendations have been made free from undue influence by members of the Group's key management personnel.

Aon Hewitt was engaged by, and reported directly to, the Chair of the Remuneration and Nominations Committee. The agreement for the provision of remuneration consulting services was executed by the Chair of the Remuneration and Nominations Committee under delegated authority on behalf of the Board.

The report containing the remuneration recommendations was provided by Aon Hewitt directly to the Chair of the Remuneration and Nominations Committee.

Aon Hewitt was permitted to speak to management throughout the engagement to understand Company processes, practices and other business issues and obtain management perspectives. However, Aon Hewitt was not permitted to provide any advice or recommendations to members of management before advice or recommendations were given to members of the Remuneration and Nominations Committee and not unless Aon Hewitt had approval to do so from members of the Remuneration and Nominations Committee.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

Voting and Comments made at the Company's 2016 Annual General Meeting

At the 2016 AGM, 65% 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.

Since more than 25% of the shareholders voted against the remuneration report, this represented a 'first strike'. It is noted that only 2.07% of all securities voted against the remuneration report. During the year a significant Board and executive reorganisation has occurred. The Board has sought to address the remuneration report issues by lowering the new CEO's salary and putting appropriate hurdles in place for short term and long term incentives. Each executive has appropriate hurdles relating to the Group's financial performance for FY18 and the achievement of individual Key Performance Indicators (KPI's). The Board is confident that shareholders will accept this remuneration report and a 'second strike' resulting in a spill motion can be avoided at the 2017 AGM.

Remuneration Policy

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

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

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

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

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

Remuneration Structure

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

Non-Executive Directors

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

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

Group Executives

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

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

Member Firm Principals

Remuneration packages of Member Firm Principals are determined by each Firm's Board of Directors in consultation with the Company. In determining remuneration levels consideration is given to the Member Firm's contribution to Group performance and comparative information to other Member Firms and the industry.

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

Member Firm Employees

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

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

Contractual Arrangements

Non-Executive and Executive Directors

Non-Executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation.

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

The Chairman, Ray Kellerman does not have a fixed term contract with the Company.

The CEO and Managing Director Matthew Rowe commenced his employment contract on 24 February 2017 (back-dated). Mr Rowe's appointment is for a five (5) year period.

Mr Rowe will receive an annual base salary of \$410,000 plus superannuation.

Mr Rowe will participate in a short-term incentive up to 100% of his base salary commencing 1 July 2017 and assessed to 30th June 2018. Key performance metrics are set by the CountPlus Board and performance is assessed by the Board in its absolute discretion against these metrics.

Where Mr Rowe is eligible for payment of a short-term incentive, payment would be made as follows:

- ▶ 2/3rd cash payment within 30 days of the Approval Date;
- ▶ 1/6th cash payment 12 months from the Approval Date; and
- ▶ the remaining 1/6th cash payment 24 months from the Approval Date.

Long-Term incentive

Subject to both shareholder approval at the relevant Annual General Meetings held in or around November each year and the absolute discretion of the Board, on an annual basis, Mr Rowe may be granted a specific number of performance rights for shares in the Company.

Performance Rights are an entitlement to be allocated a share in CountPlus at a future time, subject to the satisfaction of various performance and employment hurdles set out as follows:

Time-based service condition: Mr Rowe must normally remain in continuous employment with the Company for a minimum period of 3 years from the granting of the relevant tranche of Performance Rights and up to and including the date on which he meets the relevant performance hurdles for the relevant tranche.

No notice condition: Mr Rowe must not be serving out any period of notice of termination at the Vesting Date; and

Three-year rolling performance hurdles: the relevant performance hurdles (with each hurdle being applicable to 50 per cent of the relevant tranche of Performance Rights, acting independently of each other) are:

- ▶ 12.5 per cent per annum diluted compounded earnings growth per Company share (Diluted EPS) averaged over three consecutive financial years commencing from 1 July of the year of grant; and
- ▶ Return on equity (ROE) of 15 per cent per annum averaged over three consecutive financial years commencing from 1 July of the year of the grant.

For the avoidance of doubt, the grant date of any annual tranche of Performance Rights granted to Mr Rowe will be the date of the relevant AGM when shareholder approval of that tranche is given.

Mr Rowe's employment contract may be terminated by the Board at any time on 6 months' notice.

Mr Rowe will be subject to post-employment, non-solicitation restraints for a period of 12 months from cessation of employment with CountPlus. Mr Rowe will be subject to post-employment, non-compete restraints for a period of 6 months from cessation of employment with CountPlus.

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

Member Firm Principals

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

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

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

Company Performance and the Link to Remuneration

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

Remuneration of Key Management Personnel

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

2017	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment	Total \$	% of Variable Remuneration
	Salary and Fees \$	Bonus \$	Other \$	Superannuation \$	Long Service Leave* \$	Termination Benefits \$	Employee Loyalty Share Plan \$		
Non-Executive Directors									
Graeme Fowler ¹	65,000	0	0	6,175	0	0	0	71,175	0%
Barry Lambert ²	86,734	0	0	8,259	0	0	0	94,993	0%
Alison Ledger ³	48,750	0	0	4,631	0	0	0	53,381	0%
Ray Kellerman ⁴	34,381	0	0	3,266	0	0	0	37,647	0%
Kate Hill ⁵	1,250	0	0	119	0	0	0	1,369	0%
Executive Directors									
Matthew Rowe (Managing Director/CEO) ⁶	158,548	0	1,018	26,607	242	0	0	186,415	0%
Philip Rix (Executive Director) ⁷	100,732	0	231	13,457	2,944	0	0	117,364	0%
Phillip Aris (Managing Director/CEO) ⁸	333,434	0	0	24,968	0	251,467	0	609,869	0%
Key Management Personnel									
John Collier (CFO) ⁹	295,851	0	0	34,967	687	0	7,353	338,858	2%
TOTAL	1,124,680	0	1,249	122,449	3,873	251,467	7,353	1,511,071	

2016	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment	Total \$	% of Variable Remuneration
	Salary and Fees \$	Bonus \$	Other \$	Superannuation \$	Long Service Leave* \$	Termination Benefits \$	Employee Loyalty Share Plan \$		
Non-Executive Directors									
Graeme Fowler ¹	65,000	0	0	6,175	0	0	0	71,175	0%
Barry Lambert (Chairman) ²	91,324	0	0	8,676	0	0	0	100,000	0%
Executive Directors									
Philip Rix (Executive Director) ⁷	261,904	0	600	34,988	7,082*	0	0	304,574	0%
Phillip Aris (Managing Director/CEO) ⁸	488,518	0	0	19,308	13,047*	0	9,594	530,467	2%
Key Management Personnel									
John Collier (CFO) ⁹	212,266	0	0	20,165	161*	0	1,788	234,380	1%
Michael Spurr (CFO) ¹⁰	74,748	0	0	7,101	0	107,107	0	188,956	0%
TOTAL	1,193,760	0	600	96,413	20,290	107,107	11,382	1,429,552	

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

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

² Barry Lambert was appointed as a Director on 10 August 2007.

³ Alison Ledger was appointed as a Director on 1 October 2016.

⁴ Ray Kellerman was appointed as a Director on 16 January 2017 and Chairman on 27 April 2017.

⁵ Kate Hill was appointed as a Director on 26 June 2017.

⁶ Matthew Rowe was appointed as a Director on 1 October 2016 and MD/CEO on 24 February 2017.

⁷ Philip Rix was appointed as a Director on 1 April 2012 and as Bentleys WA Principal on 10 January 2008. Philip Rix resigned as a Director on 10 November 2016.

⁸ Phillip Aris was appointed as a Director on 14 January 2015 and resigned as a Director on 23 February 2017. 305,960 loan funded shares (valued at \$250,000) were issued to Phil Aris on 21 November 2016. 371,165 loan funded shares (valued at \$354,166) were issued to Phil Aris on 21 December 2015.

⁹ John Collier was appointed as the CFO on 19 October 2015. 80,773 loan funded shares (valued at \$66,000) were issued to John Collier on 21 November 2016. 69,168 loan funded shares (valued at \$66,000) were issued to John Collier on 21 December 2015.

¹⁰ Michael Spurr was appointed as a Director on 10 August 2007 and as the CEO & CFO on 8 November 2010. Michael Spurr resigned as Managing Director and CEO on 13 January 2015 and as CFO on 9 October 2015.

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

Disclosures Relating to Shares

Directors	Balance at the start of the year	Granted as remuneration during the year	Purchased in FY17 until issuance of this report	Forfeited	Disposed	Balance until issuance of this report
Barry Lambert	5,398,062	0	0	0	0	5,398,062
Phillip Aris	451,308	305,960	0	677,125	58,596	21,547
Philip Rix	1,044,252	0	0	0	839,878	204,374
Graeme Fowler	18,595	0	0	0	0	18,595
Ray Kellerman	0	0	325,000	0	0	325,000
Matthew Rowe	0	0	563,048	0	0	563,048
Kate Hill	0	0	44,725	0	0	44,725
Other Key Management Personnel						
John Collier	69,168	80,773	28,850	0	0	178,791

Transactions with Key Management Personnel

On 21 October 2013, CountPlus Limited made a strategic investment of \$2.15m, in a technology business that owns the self-managed superannuation fund software administration platform, "Class". On 30 June 2017, CountPlus Limited and some of its member firms held 1,122,000 (2016: 6,327,540) ordinary shares in Class Limited which have been disposed subsequent to year end.

The Non-Executive Director (Chairman until 26 April 2017) of CountPlus Limited, Barry Lambert was the Chairman of Class Limited, appointed to that position in November 2008 until his resignation on 9 February 2017. As at 30 June 2017, Mr Lambert and his related parties held 1,400,000 shares in Class Limited. In financial year 2016, Mr Lambert and his related parties held 2,047,318 ordinary shares in Class Limited. Mr Lambert did not participate or bear any kind of influence in decisions relating to investments in/or divestments of Class Limited.

Managing Director and CEO (Non-Executive Director 1 October 2016 to 23 February 2017) Matthew Rowe is the Executive Chair and Investor in My Accounts Accountants and Bookkeepers' (My Accounts). In FY2017 CountPlus used the services of My Accounts for which it paid \$1,500 (excluding GST). CountPlus' 100% owned subsidiary CountPlus One Pty Ltd paid \$10,600 (excluding GST) in fees and disbursements to My Accounts. Mr Rowe did not participate or bear any kind of influence in decisions relating to transactions with My Accounts.

There are no other transactions which involved key management personnel during the financial year 2017.

End of the audited Remuneration Report.

Indemnification and Insurance of Directors, Officers and Auditors

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

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

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

Environmental Regulation

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

Non-Audit Services

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is on page 32.

Rounding of Amounts

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

Corporate Governance Statement

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

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



Ray Kellerman

Director
Sydney

28 September 2017

AUDITOR'S INDEPENDENCE DECLARATION



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Sydney NSW 2000

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W www.granthornton.com.au

Auditor's Independence Declaration To the Directors of Countplus Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Countplus Limited for the year ended 30 June 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.

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

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

C F Farley
Partner - Audit & Assurance

Sydney, 28 September 2017



Annual Report
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Corporate Directory

DIRECTORS

Ray Kellerman

*Independent Non-Executive Director – Appointed 16 January 2017
Chairman – appointed 27 April 2017*

Barry Lambert

*Chairman until 26 April 2017
Non-Executive Director – will retire from the Board 30 September 2017*

Matthew Rowe

*Non-Executive Director from 1 October 2016 until 23 February 2017
Managing Director and Chief Executive Officer – Appointed
24 February 2017*

Phillip Aris

*Managing Director and Chief Executive Officer – Resigned
23 February 2017*

Philip Rix

Executive Director – Resigned 10 November 2016

Graeme Fowler

*Independent Non-Executive Director – will retire from the Board
30 September 2017*

Alison Ledger

Independent Non-Executive Director – Appointed 1 October 2016

Kate Hill

Independent Non-Executive Director – Appointed 26 June 2017

CHIEF FINANCIAL OFFICER

JOHN COLLIER

COMPANY SECRETARY

Arlette Jubian

Angus Finney – Appointed
17 July 2017

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Level 4
60 Carrington Street
Sydney NSW 2000
Telephone 1300 855 080
+61 2 8234 5000
Facsimile +61 2 8234 5050

INDEPENDENT AUDITORS

Grant Thornton

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383 Kent Street
Sydney NSW 2000
Telephone +61 2 8297 2400
Facsimile +61 2 9299 4445

SOLICITORS

Addisons Lawyers

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

BANKERS

Macquarie Bank Limited
Commonwealth Bank of Australia

STOCK EXCHANGE LISTINGS

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

WEBSITE ADDRESS

www.countplus.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenue from operating activities	2	120,381	119,939
Fees, commissions and related costs	2	(32,787)	(32,322)
Total revenue		87,594	87,617
Other income			
Gain on deferred consideration	16	1,106	245
Gain on revaluation of investment property		–	30
Gain on disposal of subsidiary		802	1,290
Interest income		87	71
Other income		693	760
Fair value gain on investments		–	16,294
Total other income		2,688	18,690
Salaries and employee benefits expenses	3	(59,315)	(59,500)
Amortisation expense	3	(2,871)	(2,673)
Depreciation expense	3	(873)	(948)
Premises expenses		(5,147)	(5,423)
Acquisition related expenses		(110)	(314)
Loss on disposals of non-current assets		(135)	–
Share based payment expense		(204)	(298)
Impairment of intangible assets and investments in associates	12 / 13	(5,001)	(2,672)
Fair value loss on investments		(337)	–
Loss on disposal of investments		(1,125)	–
Finance costs	3	(1,157)	(1,293)
Other operating expenses	3	(12,736)	(12,486)
Total expenses		(89,011)	(85,607)
Share of net profit of associates accounted for using equity method	13	892	1,111
Profit from operations before income tax		2,163	21,811
Income tax expense	4	(1,288)	(7,831)
Net profit from operations after income tax		875	13,980
Other comprehensive income, net of income tax		–	–
Total comprehensive income for the year, net of income tax		875	13,980
Net profit is attributable to:			
Owners of CountPlus Limited		(106)	13,392
Non-controlling interests		981	588
		875	13,980
Total comprehensive income for the year is attributable to:			
Owners of CountPlus Limited		(106)	13,392
Non-controlling interests		981	588
		875	13,980
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic (loss)/earnings per share	32	(0.10)	12.13
Diluted (loss)/earnings per share	32	(0.10)	12.13

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,284	6,344
Trade and other receivables	6	18,827	17,324
Loans and advances	7	115	259
Work in progress	8	4,362	5,134
TOTAL CURRENT ASSETS		31,588	29,061
NON-CURRENT ASSETS			
Loans and other receivables	6	2,554	3,002
Investments in associates	13	11,716	13,552
Other investments and financial assets	9	3,366	20,881
Property, plant and equipment	11	4,328	4,158
Intangible assets	12	44,994	48,863
TOTAL NON-CURRENT ASSETS		66,958	90,456
TOTAL ASSETS		98,546	119,517
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	10,979	10,845
Interest bearing loans and borrowings	15	27	18
Current tax liabilities	10	3,590	240
Provisions	17	5,403	4,043
Other current liabilities	16	1,323	4,147
TOTAL CURRENT LIABILITIES		21,322	19,293
NON-CURRENT LIABILITIES			
Other payables	14	1,449	1,652
Interest bearing loans and borrowings	15	13,551	25,603
Deferred tax liabilities	10	1,640	6,547
Provisions	17	1,862	2,300
Other non-current liabilities	16	972	1,367
TOTAL NON-CURRENT LIABILITIES		19,474	37,469
TOTAL LIABILITIES		40,796	56,762
NET ASSETS		57,750	62,755
EQUITY			
Contributed equity	18	121,583	121,583
Reserves	19	(64,566)	(64,878)
(Accumulated losses) / retained earnings	20	(2,955)	2,783
Capital and reserves attributable to owners of CountPlus Limited		54,062	59,488
Non-controlling interests	21	3,688	3,267
TOTAL EQUITY		57,750	62,755

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Note	Attributable to owners of CountPlus Limited						Non controlling interests (NCI) \$'000	Total \$'000
		Issued Capital \$'000	Treasury Shares* \$'000	Retained Earnings / (Accumulated Losses) \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Total \$'000		
Balance at 1 July 2016		126,496	(4,913)	2,783	1,122	(66,000)	59,488	3,267	62,755
Profit for the year		–	–	(106)	–	–	(106)	981	875
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	(106)	–	–	(106)	981	875
Transactions with owners in their capacity as owners									
Issue of shares***	18	70	(70)	–	–	–	–	–	–
Transactions with non-controlling interests (NCI)	21	–	–	–	–	–	–	(158)	(158)
Share based payments for loan funded share plan (LFSP)	19	–	–	–	204	–	204	–	204
Application of dividends to LFSP	19	–	–	–	177	–	177	–	177
Transfer to retained earnings / accumulated losses^		–	–	69	(69)	–	–	–	–
Dividends provided for or paid**	22	–	–	(5,701)	–	–	(5,701)	(402)	(6,103)
Balance at 30 June 2017		126,566	(4,983)	(2,955)	1,434	(66,000)	54,062	3,688	57,750

	Note	Attributable to owners of CountPlus Limited						Non controlling interests (NCI) \$'000	Total \$'000
		Issued Capital \$'000	Treasury Shares* \$'000	Retained Earnings / (Accumulated Losses) \$'000	Share Based Payment Reserve \$'000	Available for sale (AFS) Reserve \$'000	Acquisition Reserve \$'000	Total \$'000	
Balance at 1 July 2015		126,082	(4,528)	(1,899)	637	420	(68,127)	52,585	665
Profit for the year		–	–	13,392	–	–	–	13,392	588
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	13,392	–	–	–	13,392	588
Transactions with owners in their capacity as owners									
Issue of shares***	18	414	(385)	–	–	–	–	29	–
Transfer from AFS reserve to retained earnings	19	–	–	420	–	(420)	–	–	–
Transactions with non-controlling interests (NCI)	21	–	–	–	–	–	–	–	2,501
Effect on the reserves on account of Direct Equity Plan (DEP) opted for by 3 subsidiaries	19	–	–	–	–	–	2,127	2,127	–
Share based payments for loan funded share plan (LFSP)	19	–	–	–	282	–	–	282	–
Application of dividends to LFSP	19	–	–	–	203	–	–	203	–
Dividends provided for or paid**	22	–	–	(9,130)	–	–	–	(9,130)	(487)
Balance at 30 June 2016		126,496	(4,913)	2,783	1,122	–	(66,000)	59,488	3,267

* The Company has formed a trust to administer a Loan Funded Share Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

** This amount includes the dividends applied to the loan funded share plan.

*** Issue of shares includes shares issued to employees of \$70,084 (2016: \$16,268).

^ This amount includes dividends relating to the loan funded share plan that did not meet vesting conditions.

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and services tax)		130,683	133,114
Payments to suppliers and employees (inclusive of goods and services tax)		(118,773)	(118,728)
		11,910	14,386
Dividends received		116	216
Interest received		87	71
Interest paid		(1,157)	(1,293)
Income taxes paid (net)		(2,970)	(3,097)
Net cash inflow from operating activities	31	7,986	10,283
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		–	16
Proceeds from sale of Direct Equity Plan (DEP) to 3 subsidiaries		–	4,917
Proceeds from sale of shares in Class Limited		16,053	–
Proceeds from sale of fees		–	277
Proceeds from sale of share in associate entity (My Accounts)		–	325
Proceeds from sale of Investment Property		–	2,954
Proceeds from disposal of subsidiary (CBC)		1,827	–
Purchase of equipment and other non-current asset		(1,214)	(1,085)
Payments to acquire other financial assets		–	(984)
Payments for acquisition of subsidiaries / business assets		(3,011)	(3,043)
Payments for investment in associated entities	13	–	(2,747)
Dividends/distributions received from associated entities		1,049	888
Payment for deferred consideration on acquisition of controlled entities and associates		(542)	(1,180)
Payment for investments		–	(215)
Net cash inflow from investing activities		14,162	123
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		27,635	30,498
Repayment of borrowings		(39,693)	(31,250)
Proceeds from borrowings / hire purchase and lease liabilities		21	–
Proceeds from repayment of loan in respect of dividends received on loan funded shares		223	203
Payment of dividends to equity holders		(7,992)	(9,113)
Payment of dividends by controlled subsidiaries to non-controlling interests		(402)	(487)
Net cash outflow from financing activities		(20,208)	(10,149)
Net increase in cash and cash equivalents held		1,940	257
Cash and cash equivalents at beginning of year		6,344	6,087
Cash and cash equivalents at end of financial year	5	8,284	6,344

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1 Segment information

During the year there were changes in the internal organisation of the Group, which included the appointment of Matthew Rowe as managing director and CEO, and the appointment of Ray Kellerman as non-executive chairman, both occurring in the second half of the financial year. This restructure has resulted in changes to the personnel who comprise the chief operating decision making function (CODM). Previously the CODM viewed the Group's operation as one business segment, however the new CODM reviews the Group's operation under the following separate reportable segments.

Accounting	which comprises the provision of accounting, audit and assurance, taxation and business & corporate advisory services
Financial Services	which comprises of financial planning, lending and corporate recovery & insolvency solutions
Property	which comprises property sales commissions; and
Other	which mainly comprises information technology related revenue, legal related revenue, conference and insurance related revenue.

The CODM primarily uses the measure of contribution margin (revenue less salaries and superannuation) to assess the performance of the operating segments.

As a result of these changes, the corresponding comparative information for these reportable segments have been presented. No segment assets and liabilities are disclosed because there is no measure of segment assets and liabilities regularly reported to the CODM.

(a) Segment performance

	Accounting		Financial Services		Property		Other		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue	60,241	58,022	19,229	20,340	4,921	4,703	3,203	4,552	87,594	87,617
Segment contribution margin	23,411	19,922	11,537	13,622	2,709	2,241	126	1,913	37,783	37,698

Reconciliation of segment contribution margin to profit from operations before income tax:

	2017 \$'000	2016 \$'000
Total contribution margin	37,783	37,698
Other income	2,688	18,690
Share of net profit of associates	892	1,111
Amortisation and depreciation expense	(3,744)	(3,621)
Premises expenses	(5,147)	(5,423)
Finance costs	(1,157)	(1,293)
Impairment of intangible assets	(4,230)	(2,672)
Impairment of investment in associates	(771)	–
Other costs	(24,151)	(22,680)
Profit from operations before income tax	2,163	21,811

The segment revenue described above represents revenue generated from external customers.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

2 Revenue

(a) Revenue from operating activities

	2017 \$'000	2016 \$'000
Accounting services revenue	60,241	58,022
Financial services revenue	47,606	47,977
Commissions earned on property sales	8,670	8,741
Other property related income	661	647
Other operating revenue	3,203	4,552
	120,381	119,939
Fees, commissions and related costs		
Fees and related costs	(28,377)	(27,637)
Commissions paid on property sales	(4,410)	(4,685)
	(32,787)	(32,322)
Total revenue from operating activities	87,594	87,617

(b) Fees, commissions and related costs

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

3 Expenses

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

	2017 \$'000	2016 \$'000
Depreciation expenses		
Office equipment	416	448
Leasehold improvements	67	71
Furniture & fixtures	218	267
Motor vehicles	19	19
Make good	85	72
Other	68	71
Total depreciation	873	948
Amortisation expenses		
Acquired client relationships / adviser networks	2,574	2,402
Software	103	138
Other	194	133
Total amortisation	2,871	2,673
Total Depreciation and Amortisation	3,744	3,621
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	1,157	1,293
Other expenses		
Professional, service and consulting fees		
Audit fees	334	312
Legal fees	690	508
Accounting and other professional fees	853	333
Remedial and other external costs (TFSA) – see note 25	1,187	530
Total professional, service and consulting fees	3,064	1,683
Other expenses		
Bad and doubtful debts – trade receivables	145	550
Sales and marketing expenses	982	1,273
Administration expenses	3,313	3,369
Insurance expense	1,137	1,085
Technology expense	3,535	3,186
Net loss on disposal of property, plant and equipment	44	599
Other	516	741
Total other expenses	9,672	10,803
Total other operating expenses from ordinary activities	12,736	12,486
Salaries and employee benefit expenses		
Wages, salaries and on-costs	49,014	49,128
Post-employment benefit expenses	4,342	4,247
Other employee benefit expenses	5,959	6,125
Total salaries and employee benefit expenses	59,315	59,500

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

4 Income Tax Expense

(a) Income tax expense

	2017 \$'000	2016 \$'000
Current tax expense	6,698	3,688
Under/(over) provision – prior year	4	5
Deferred tax expense/(benefit)	(5,414)	4,138
	1,288	7,831
Deferred income tax expense/(revenue) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 10(c))	(252)	22
Increase/(decrease) in deferred tax liabilities (note 10(e))	(5,162)	4,116
Total	(5,414)	4,138
(b) Reconciliation of income tax expense to prima facie tax payable:		
Profit from continuing operations before income tax expense	2,163	21,811
Australian tax rate	30%	30%
Tax amount at the Australian tax rate	649	6,543
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Utilisation of capital losses for gain on Direct Equity Plan sales	–	(254)
Utilisation of gain on sale of investment property	–	76
Non-deductible expenses	208	332
Non-taxable income	(30)	(83)
Goodwill and investment impairment expense	1,518	802
Non-taxable dividends	(309)	(367)
(Gain) on deferred consideration adjustment	(321)	(73)
Benefit on trail commission	(28)	(30)
Recognition of realisation of prior year reserve transaction	(135)	–
Other	–	3
Profit/loss on Direct Equity Plan sales	–	511
Profit/loss on disposal of subsidiary	(268)	366
	1,284	7,826
Under/(over) provision in prior years	4	5
Total income tax expense	1,288	7,831

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

5 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash at bank and in hand	8,284	6,344

(a) Reconciliation of cash at the end of the year

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

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 34. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

6 Trade and other receivables

(a) Current assets – Trade and other receivables

	2017 \$'000	2016 \$'000
Trade receivables	12,465	12,554
Provision for impairment of trade receivables (note 6(c))	(1,167)	(1,394)
	11,298	11,160
Prepayments	928	906
Other receivables*	6,601	5,258
	18,827	17,324

* Other receivables include \$2,400,000 (2016: \$2,113,000) on account of property commissions receivable by Kidmans PEC (KPEC). It also includes \$1,753,000 (2016: \$783,000) on account of commissions and margins on funds under management by Total Financial Solutions.

(b) Ageing analysis of trade receivables

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

	2017 \$'000	2016 \$'000
0 to 1 month	7,616	6,380
0 to 1 month CI^	24	64
1 to 3 months PDNI*	2,584	2,940
1 to 3 months CI^	51	33
3 to 6 months PDNI*	757	1,064
3 to 6 months CI^	298	212
Over 6 months PDNI*	341	776
Over 6 months CI^	794	1,085
	12,465	12,554

* Past due but not impaired (*PDNI)

^Considered impaired (^CI)

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that a trade receivable is impaired and is based on the Group provisioning policies. Bad and doubtful debts expense of \$145,000 (2016: \$550,000) has been recognised by the Group in the current year. These amounts have been included in other operating expenses.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(c) Movements in provision for impairment

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

	2017 \$'000	2016 \$'000
At 1 July	(1,394)	(2,210)
Bad and doubtful debts recognised during the year	(145)	(550)
Receivables written off during the year as uncollectable	372	1,366
At 30 June	(1,167)	(1,394)

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

(d) Fair value and credit risk

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 34 for more information on the risk management policy of the Group.

(e) Non-current assets – Receivables

	2017 \$'000	2016 \$'000
Other receivables*	2,386	2,803
Interest bearing loans**	168	199
	2,554	3,002

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

** Loans bear interest at 7.0% p.a (2016: 8.5% p.a) and have a term of 10 years.

7 Current assets – Loans and advances

	2017 \$'000	2016 \$'000
Loans and advances	115	259

8 Current assets – Work in progress

	2017 \$'000	2016 \$'000
Work in progress	4,917	5,616
Provision for write-off of work in progress	(555)	(482)
	4,362	5,134

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

(a) Ageing analysis of work in progress

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

	2017 \$'000	2016 \$'000
0 to 1 month CR	2,128	2,002
0 to 1 month PWO*	164	153
1 to 3 months CR^	1,502	1,418
1 to 3 months PWO*	119	89
Over 3 months CR^	732	1,714
Over 3 months PWO*	272	240
	4,917	5,616

* Provided for write-off ('PWO')

^Considered recoverable ('CR')

A provision for write-off is recognised when an amount in excess of net recoverable value of work in progress is identified. A provision of \$555,000 (2016: \$482,000) has been recognised by the Group as at 30 June 2017. Any provision for write-off recognised during the year is debited to operating revenue in the income statement.

(b) Movements in provision for write-off

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

	2017 \$'000	2016 \$'000
At 1 July	(482)	(417)
Provision for write-back recognised during the year	(73)	(65)
At 30 June	(555)	(482)

Details of the significant accounting policies and methods adopted for accounting for work in progress can be found in note 37(l).

9 Other Investments and financial assets

Other investment and financial assets comprise:

	2017 \$'000	2016 \$'000
Listed equity securities – fair value through profit and loss	3,366	20,881

During the year CountPlus Limited and its subsidiaries sold 5,205,540 of Class Limited shares. As a result, as at 30 June 2017 CountPlus Limited together with its subsidiaries hold 1,122,000 Class Limited shares (2016: 6,327,540 shares) or 0.95% (2016: 5.4%) and the closing share price as at 30 June 2017 was \$3.00 (2016: \$3.30).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

10 Tax liabilities

(a) Current Tax Liabilities

	2017 \$'000	2016 \$'000
Provision for income tax	3,590	240

(b) Deferred tax assets

	2017 \$'000	2016 \$'000
The balance comprises temporary differences attributable to:		
Provisions		
Employee liabilities (annual leave and long service leave)	1,925	1,795
Bad and doubtful debts	350	418
Professional fees	265	159
Make good	97	61
Rent free period	37	27
Accruals	153	141
Depreciation	72	77
Loan establishment costs	38	19
ASX listing / equity raising costs	1	3
Tax losses	275	481
Other	44	66
Total deferred tax assets	3,257	3,247
Set-off of deferred tax liabilities pursuant to set-off provisions	(3,257)	(3,247)
Net deferred tax assets	–	–

(c) Movements in Deferred tax assets

	Equity raising cost \$'000	Other \$'000	Total \$'000
At 1 July 2015	3	2,886	2,889
(Charged)/credited to income tax expense	–	(21)	(21)
Transfer to current tax liabilities	–	379	379
At 30 June 2016	3	3,244	3,247
At 1 July 2016	3	3,244	3,247
(Charged)/credited to income tax expense	(1)	253	252
(Decrease) in tax losses	–	(242)	(242)
At 30 June 2017	2	3,255	3,257

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(d) Deferred tax liabilities

	2017 \$'000	2016 \$'000
The balance comprises temporary differences attributable to:		
Work in progress	1,897	2,116
Prepaid expenses	17	16
Fair value intangible assets	2,036	2,527
Adjustment to carrying value of investment in associates	98	36
Adjustment to tax cost base on depreciation of asset due to tax consolidation	4	8
Revaluation of Other Investments	812	5,061
Other	33	30
Total deferred tax liabilities	4,897	9,794
Set-off of deferred tax assets pursuant to set-off provisions (refer note 10(b) above)	(3,257)	(3,247)
Net deferred tax liabilities	1,640	6,547

(e) Movements in Deferred tax liabilities

	Share of profit of associates \$'000	Fair valued intangible assets \$'000	Revaluation reserve \$'000	Other \$'000	Total \$'000
At 1 July 2015	44	2,803	180	2,189	5,216
Net deferred tax balance on acquisition of subsidiaries*	–	462	–	–	462
Charged/(credited) to the income tax expense	(8)	(732)	–	4,856	4,116
Charged directly to equity (revaluation reserve)	–	–	(180)	180	–
At 30 June 2016	36	2,533	–	7,225	9,794
At 1 July 2016	36	2,533	–	7,225	9,794
Net deferred tax balance on acquisition of subsidiaries*	–	455	–	–	455
Unwinding DTL/Overprovision	–	(190)	–	–	(190)
Charged/(credited) to the income tax expense	62	(756)	–	(4,468)	(5,162)
At 30 June 2017	98	2,042	–	2,757	4,897

* Includes business assets acquired by member firms

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

11 Property, plant and equipment

	Office Equipment \$'000	Furniture, fixtures and fittings \$'000	Make good \$'000	Leasehold improvements \$'000	Other property, plant and equipment \$'000	Motor vehicle \$'000	Total \$'000
Year 30 June 2016							
Opening net book amount	1,820	1,393	424	1,054	188	99	4,978
Additions	309	193	157	51	118	53	881
Additions through acquisition of entity	27	–	–	–	–	–	27
Deconsolidation of subsidiary	(47)	(5)	(3)	–	–	–	(55)
Disposals – written down value	(75)	(309)	(81)	(224)	(23)	(13)	(725)
Depreciation expense	(448)	(266)	(73)	(71)	(71)	(19)	(948)
Closing net book amount	1,586	1,006	424	810	212	120	4,158
At 30 June 2016							
Cost	3,066	2,080	631	1,151	876	204	8,008
Accumulated depreciation	(1,480)	(1,074)	(207)	(341)	(664)	(84)	(3,850)
Net book amount	1,586	1,006	424	810	212	120	4,158
Year 30 June 2017							
Opening net book amount	1,586	1,006	424	810	212	120	4,158
Additions	453	292	37	288	38	21	1,129
Deconsolidation of CBC	(9)	(9)	–	(11)	–	–	(29)
Disposals – written down value	–	–	–	–	(17)	(40)	(57)
Depreciation expense	(416)	(218)	(85)	(67)	(68)	(19)	(873)
Closing net book amount	1,614	1,071	376	1,020	165	82	4,328
At 30 June 2017							
Cost	3,367	2,344	668	1,426	880	138	8,823
Accumulated depreciation	(1,753)	(1,273)	(292)	(406)	(715)	(56)	(4,495)
Net book amount	1,614	1,071	376	1,020	165	82	4,328

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

12 Intangible assets

	Goodwill \$'000	Acquired client relationships / Adviser networks \$'000	Brands \$'000	IT software \$'000	Other intangible assets \$'000	Total \$'000
Year 30 June 2016						
Opening net book amount	37,676	10,034	1,055	406	909	50,080
Additions	172	139	–	82	98	491
Additions through acquisition of subsidiaries / business assets	2,807	1,539	–	–	10	4,356
Disposals	(51)	(421)	–	(9)	–	(481)
Deconsolidation of LBM	(175)	–	–	(63)	–	(238)
	–	(2,402)	–	(138)	(133)	(2,673)
Impairment expense	(2,672)	–	–	–	–	(2,672)
Closing net book amount	37,757	8,889	1,055	278	884	48,863
At 30 June 2016						
Cost	40,429	24,964	1,055	1,148	1,177	68,773
Accumulated amortisation and impairment	(2,672)	(16,075)	–	(870)	(293)	(19,910)
Net book amount	37,757	8,889	1,055	278	884	48,863
Year 30 June 2017						
Opening net book amount	37,757	8,889	1,055	278	884	48,863
Additions	–	–	–	56	68	124
Additions through business combinations	2,433	1,311	138	3	–	3,885
Disposals	–	–	–	(8)	(41)	(49)
Net revaluation increment / (decrement)	56	107	–	–	(48)	115
Deconsolidation of CBC	(753)	(87)	–	(3)	–	(843)
Amortisation	–	(2,567)	–	(110)	(194)	(2,871)
Impairment expense	(4,230)	–	–	–	–	(4,230)
Closing net book amount	35,263	7,653	1,193	216	669	44,994
At 30 June 2017						
Cost	39,493	25,778	1,193	1,041	1,157	68,662
Accumulated amortisation and impairment	(4,230)	(18,125)	–	(825)	(488)	(23,668)
Net book amount	35,263	7,653	1,193	216	669	44,994

(a) Impairment tests for goodwill

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

For the purpose of impairment testing, thirteen of the seventeen member firms (excluding disposed entity Cartwright Brown and Company) listed in note 28, are considered as separate CGUs, operating largely independently from other businesses in the Group. Two previous CGUs, CountPlus One and Wearne & Co are assessed as one CGU due to the merger of the businesses on 22 June 2017. Addvantage Accountants and Achieve Corporation are also assessed as one CGU due to the fact that the businesses operate in the same premises where various resources and costs are shared. Therefore, they do not operate independently and are considered as one CGU. All member firms are separately identified in note 28. The carrying amount of goodwill and other intangibles allocated to CGUs is disclosed in the table below. Three of the seventeen CGUs are considered individually significant (2016: 3 CGUs) in comparison to the Group's total carrying amount. For the remaining fourteen CGUs (2016: 14 CGUs) where the carrying amount of goodwill is not individually significant compared with the Group's total, they have been aggregated in the column "Other". The aggregate carrying amount of goodwill and other intangibles allocated to those other CGUs is significant in comparison with the entity's total carrying amount of goodwill and other intangibles.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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

	TFS Group		CP1 + Wearne & Co		MBA Partnership		Other		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Goodwill	7,260	7,260	6,291	7,963	4,172	3,060	21,771	22,146	39,494	40,429
Acquired client relationships	7,291	7,291	2,773	2,773	2,428	1,520	13,286	13,380	25,778	24,964
IT software	159	145	29	19	–	–	854	984	1,042	1,148
Other intangibles	493	591	–	–	–	–	1,857	1,641	2,350	2,232
Impairment -refer note 12(c)	(2,700)	–	(1,530)	(1,672)	–	–	–	(1,000)	(4,230)	(2,672)
Accumulated amortisation	(4,937)	(4,020)	(2,362)	(2,130)	(977)	(690)	(11,162)	(10,398)	(19,438)	(17,238)
Total	7,566	11,267	5,201	6,953	5,623	3,890	26,606	26,753	44,996	48,863

Entities within the TFS Group and MBA Partnership are shown in note 28.

The Company utilises a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5 year period to assess the recoverable amount of the CGUs. A pre-tax discount rate has been applied to cash flow projections and cash flows beyond the 5 year period have been extrapolated using a growth rate of 2.5% – 3.0%. This method is used to assess impairment for the individually significant CGUs.

(b) Key assumptions used for value in use calculations

The calculation of value in use for the CGUs was most sensitive to the following assumptions:

- ▶ Revenue growth
- ▶ Discount rates
- ▶ Employment expense ratios

Revenue growth is based on the budget for the next financial year as well as management assessment over the forecast period. Budget revenue for 2018 is based on management expectations and the average annual revenue growth thereafter is assumed to be maintained at 0%-4% p.a. over the remaining forecast period for all CGUs.

Employment expense ratios are based on the budget for the next financial year and management assessment over the forecast period. Employment expense ratio shows the employment cost as a percentage of net revenue. For the TFS Group, this is assumed to be maintained at 47%-48% over the forecast period. For the other CGUs, this is assumed to be maintained between 48% and 72% over the forecast period.

Discount rates represent the current market assessment of the risks specific to the Group, taking into account the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects management's estimation of the time value of money and specific risk estimated for the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. A pre-tax discount rate of 19.29% p.a. was applied to all CGUs.

It is assumed for the purpose of the analysis that the long-term growth rate (terminal rate) will equate to the long term average growth rate of the national economy. Management estimate this to be between 2.5% and 3.0% p.a. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations.

(c) Impairment of goodwill

During the year ended 30 June 2017 management performed a review of each cash generating unit (CGU) for impairment indicators. For the below CGU's where an indication of impairment existed, management calculated the recoverable amount of these CGU's in accordance with AASB 136: Impairment of Assets.

Two wholly owned firms, Wearne & Co Pty Ltd and CountPlus One Pty Ltd were merged on 22 June 2017 to take advantage of the synergies that exist between them. As at 30 June 2017, an updated assessment of the recoverable value of this CGU was performed using a pre-tax discount rate of 19.29% (2016: 17.66%). This resulted in the recognition of an additional goodwill impairment of \$750,000 for FY17. This is in addition to a goodwill impairment provision of \$780,000 which was recognised at 31 December 2016 in respect of Wearne.

Key assumptions for this value in use calculation at 30 June 2017 were:

- ▶ Revenue growth of 0% – 3%
- ▶ The long-term growth rate (terminal rate) was estimated to be 2.5% p.a.
- ▶ Employment expense ratio 65% – 69%
- ▶ A pre-tax discount rate of 19.29%

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

As at 30 June 2017, an indication of impairment existed for Total Financial Solutions Australia Ltd in Sydney. Management calculated the recoverable amount of the CGU using a pre-tax discount rate of 19.29%, which resulted in an impairment loss of \$2,700,000 for this CGU, reducing the carrying amount of its goodwill to \$4.56M.

Key assumptions for this value in use calculation at 30 June 2017 were:

- ▶ Revenue growth of 3% – 4%
- ▶ Employment expense ratio of 47% – 48%
- ▶ A pre-tax discount rate of 19.29%
- ▶ The long-term growth rate (terminal rate) was estimated to be 3% p.a.

The recoverable amount of the above CGU's was determined based on value-in-use calculations, consistent with the methods described in note 12(b) of this report.

(d) Sensitivity to changes in assumptions

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

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

The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$1.4 million.

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

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying value by \$915,000.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 19.29% to 20.29%, the recoverable amount would exceed the carrying value by \$1,046,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 69% to 71% over the forecast period, the recoverable amount would exceed the carrying value by \$688,000.
- ▶ If the long-term average growth rate decreases from 2.5% to 2% p.a., the recoverable amount would exceed the carrying value by \$1,216,000.

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

The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$2.7 million.

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

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying value by \$2,186,000.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 19.29% to 20.29%, the recoverable amount would exceed the carrying value by \$2,362,000.
- ▶ If the Company's employment cost margin (its single largest expense item) increases from 72% to 74% over the forecast period, the recoverable amount would exceed the carrying value by \$1,629,000.
- ▶ If the long-term average growth rate decreases from 2.5% to 2% p.a., the recoverable amount would exceed the carrying value by \$2,528,000.

For Kidmans Partners (acquired 30 June 2010):

The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$2.5 million.

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

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying value by \$1,933,000.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 19.29% to 20.29%, the recoverable amount would exceed the carrying value by \$2,074,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 71% to 73% over the forecast period, the recoverable amount would exceed the carrying value by \$1,606,000.
- ▶ If the long-term average growth rate decreases from 2.5% to 2% p.a., the recoverable amount would exceed the carrying value by \$2,305,000.

For the other CGUs:

Across all CGUs over the forecast period, if revenue is 10% lower than expectations, an impairment of \$2,079,000 would result.

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

(e) Amortisation period of intangible assets other than Goodwill

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

Acquired client relationships	4 – 10 years
Adviser networks	4 – 9 years
Software	1 – 4 years
Brand	Indefinite life

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

13 Interests in Associates

(a) Details of Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Associates:			
One Hood Sweeney Pty Ltd	Australia	32	32
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)**	Australia	100	50
Home Port Property Group Unit Trust**	Australia	100	50
Financial Momentum Vic Pty Ltd***	Australia	–	40
McQueen Financial Group Pty Ltd – sold subsequent to year end	Australia	49	49
Nixon Financial Services Pty Ltd	Australia	30	30
Hunter Financial Planning Pty Ltd	Australia	40	40

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

** On 1 July 2016, CountPlus subsidiary Kidmans PEC Pty Ltd obtained a further 50% stake in Home Property Group Pty Ltd. As a result, both Home Port Property Group Pty Ltd and Home Port Property Group Unit Trust are 100% controlled subsidiaries as at 30 June 2017 (refer Note 28). The purchase consideration of \$138,736 was settled in full on completion.

*** On 30 June 2017, CountPlus subsidiary Total Financial Solutions disposed of its 40% equity interest in Financial Momentum Vic Pty Ltd. The consideration as part of this was \$827,984 and was settled on 10 July 2017.

Summary of associates held during the year

One Hood Sweeney Pty Ltd

One Hood Sweeney is a South Australian professional services firm with over 110 staff located across Adelaide, Whyalla and Kadina. It provides accounting, business advisory, financial planning, finance and technology services to its clients. The transaction with Hood Sweeney represents CountPlus' progressive acquisition model, in which an initial minority interest is taken. The model allows Principals to retain a direct interest and can more easily facilitate the entry of new Principals into an equity position, as well as reducing acquisition risk for CountPlus. This investment by CountPlus is strategic to the Group's activities.

Hunter Financial Planning Pty Ltd

Hunter Financial is a financial planning specialist in Newcastle, which has been licensed with Total Financial Solutions since 1 July 2014. Hunter Financial offers a consultative approach to wealth management particularly in the area of wealth creation budgeting, insurance, estate planning and SMSF. In August 2015, CountPlus member firm, ADVICE389 acquired a 40% equity stake in Hunter Financial.

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

Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust) is an Australian based licensed real estate agency, with offices in Sydney & Melbourne, from where Home Port provides a specialist service to a client base of property investors located all around the world. CountPlus member firm, Kidmans PEC Pty Ltd had a 50% equity stake in Home Port Property Group. On 1 July 2016, CountPlus acquired the remaining 50% equity stake in Home Port Property Group Pty Ltd and therefore became a subsidiary as at that date (refer note 28). This investment is strategic to the Group's activities.

Financial Momentum Vic Pty Ltd

Financial Momentum is a financial services firm based in regional Victoria. Financial Momentum offers high quality and innovative Financial Planning products and services with particular knowledge of Super, Risk Insurance, Investment and Allocated Pension products suitable for Pensioners and Retirees. CountPlus member firm, Total Financial Solutions (TFS) had a 40% equity stake in Financial Momentum. On 30 June 2017, CountPlus disposed of its 40% equity interest in Financial Momentum Vic Pty Ltd.

McQueen Financial Group Pty Ltd

McQueen Financial Group, is a financial services firm based in Melbourne, Victoria. McQueen have expertise in all aspects of wealth management, including financial advice, investments, savings plans, budgeting, superannuation, insurance and estate planning. CountPlus member firm, Total Financial Solutions (TFS) has a 49% equity stake in McQueen. Subsequent to year end, CountPlus disposed of its 49% equity stake in McQueen (refer to Note 30).

Nixon Financial Services Pty Ltd

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(b) Associates

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

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

(c) Material associates

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

Name of Associate	One Hood Sweeney Pty Limited		Financial Momentum Vic Pty Ltd		McQueen Financial Group Pty Ltd		Nixon Financial Services Pty Ltd		Hunter Financial Planning Pty Ltd	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Summarised Consolidated Statement of Financial Position										
Current assets	3,405	3,685	–	199	986	1,333	158	178	523	532
Non-current assets	6,089	6,564	–	65	2,101	1,198	756	750	7,031	7,349
Current liabilities	(3,405)	(2,964)	–	(207)	(745)	(1,138)	(70)	(106)	(610)	(623)
Non-current liabilities	(3,331)	(4,768)	–	(375)	(1,897)	(850)	(4)	(19)	(135)	(224)
Net assets / equity	2,758	2,517	–	(318)	445	543	840	803	6,809	7,034
Percentage of Group's ownership	32%	32%		40%	49%	49%	30%	30%	40%	40%
Group's share based on the net assets calculated	893	814	–	(128)	218	266	252	241	2,723	2,814
Goodwill	5,516	5,300	–	1,113	2,839	3,056	397	409	–	–
	6,409	6,114	–	985	3,057	3,322	649	650	2,723	2,814
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income										
Revenue	22,559	21,386	1,516	1,199	2,997	3,030	768	758	3,085	2,663
Profit / (loss) from continuing operations	2,903	3,035	309	314	(191)	872	156	171	646	552
Total comprehensive income	2,903	3,035	309	314	(191)	872	156	171	646	552
Group's share of profit/(loss) for the year	939	619	124	126	(93)	427	47	51	258	221

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Material associates

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

	2017 \$'000	2016 \$'000
Hunter Financial Planning Pty Ltd		
Opening balance	2,712	–
Interest acquired in associates	–	2,747
Share of profit	258	221
Dividends and distributions	(247)	(154)
Carrying amount based on share in net assets of associate	2,723	2,814
Acquired Client Relationship (ACR) amortisation accounted in Parent books	(104)	(102)
Carrying value as at 30 June	2,619	2,712
	2017 \$'000	2016 \$'000
One Hood Sweeney Pty Limited		
Opening balance	6,007	5,998
Share of profit	939	619
Dividends and distributions	(537)	(503)
Carrying amount based on share in net assets of associate	6,409	6,114
Acquired Client Relationship (ACR) amortisation accounted in Parent books	(104)	(107)
Carrying value as at 30 June	6,305	6,007
	2017 \$'000	2016 \$'000
Financial Momentum Vic Pty Ltd		
Opening balance	950	987
Share of profit	124	126
Dividends and distributions	(136)	(128)
Carrying amount based on share in net assets of associate	938	985
Acquired Client Relationship (ACR) amortisation accounted in Parent books	(31)	(35)
Disposal of associate	(907)	–
Carrying value as at 30 June	–	950
	2017 \$'000	2016 \$'000
McQueen Financial Group Pty Ltd		
Opening balance	3,250	2,953
Share of profit	(93)	427
Dividends and distributions	(100)	(58)
Carrying amount based on share in net assets of associate	3,057	3,322
Acquired Client Relationship (ACR) amortisation accounted in Parent books	(123)	(72)
Impairment	(536)	–
Carrying value as at 30 June	2,398	3,250

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Nixon Financial Services Pty Ltd		
Opening balance	633	644
Share of profit	47	51
Dividends and distributions	(31)	(45)
Carrying amount based on share in net assets of associate	649	650
Acquired Client Relationship (ACR) amortisation accounted in Parent books	(20)	(17)
Impairment	(235)	–
Carrying value as at 30 June	394	633
Total carrying value of investments in associates as at 30 June	11,716	13,552

The associates had no contingent liabilities or capital commitments as at 30 June 2017 or 30 June 2016.

14 Trade and other payables

(a) Current payables

	2017 \$'000	2016 \$'000
Trade payables	1,791	2,096
GST payable	1,798	1,858
Sundry payables and accrued expenses	3,893	4,668
Other payables	3,497	2,223
	10,979	10,845

(b) Non-current payables

	2017 \$'000	2016 \$'000
Other payables*	1,449	1,652

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

15 Interest bearing loans and borrowings

(a) Current interest bearing loans and borrowings

	2017 \$'000	2016 \$'000
Secured		
Hire purchase liabilities (note 26)	27	11
Other loans	–	7
Total current loans and borrowings	27	18

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

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 34.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(b) Non-Current interest bearing loans and borrowings

	2017 \$'000	2016 \$'000
Secured		
Bank loans – funding facility and other loans	13,535	25,565
Hire purchase liabilities (note 26)	16	38
Total secured non-current loans and borrowings	13,551	25,603

Financing arrangements

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

	2017 \$'000	2016 \$'000
Bilateral funding facility	20,000	30,000
	20,000	30,000
Total facilities	20,000	30,000
Used at balance date	(13,535)	(25,543)
Unused at balance date	6,465	4,457

The non-current interest bearing loans and borrowings balance is made up of \$13.5 million (2016: \$25.5 million) borrowings from Macquarie Bank Limited. The limit for the revolving line of credit with Macquarie Bank is currently \$20 million (2016: \$30 million) and is a variable rate, 3 year interest only facility. This facility was extended on 17 May 2017 until 29 November 2018. The rate is determined with reference to the Bank Bill Swap (BBSW) Reference Rates published in the Australian Financial Review plus a margin. In addition there is a line fee on this facility. Interest will accrue on outstanding balance from day to day and be computed on a daily basis.

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

(c) Defaults and breaches

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

16 Other liabilities

(a) Other current liabilities

	2017 \$'000	2016 \$'000
Provision for dividend	–	2,291
Deferred cash consideration for acquisition of subsidiaries*	810	647
Deferred cash consideration for acquisition of associates*	–	533
Other current liabilities	513	676
	1,323	4,147

* Deferred cash and equity consideration for acquisition relates to the acquisitions and investments made by the subsidiaries. Please refer to note 29 for further information in relation to Business combinations.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Movements in other current liabilities

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

	Dividend \$'000	Deferred cash consideration for acquisition of subsidiaries* \$'000	Deferred cash consideration for acquisition of associates \$'000	Total \$'000
Consolidated 2017				
Current				
At 1 July 2016	2,291	647	533	3,471
Acquisition of subsidiaries	–	425	–	425
(Gain)/loss on deferred consideration	–	(491)	(615)	(1,106)
Transferred from non-current liabilities	–	771	82	853
Arising during the year	–	–	–	–
Payment made/shares issued during the year	(2,291)	(542)	–	(2,833)
At 30 June 2017	–	810	–	810
Consolidated 2017				
Current 2017	–	810	–	810
Non-current 2017 (refer note 16(b))	–	304	–	304
	–	1,114	–	1,114
Consolidated 2016				
Current 2016	2,291	647	533	3,471
Non-current 2016 (refer note 16(b))	–	654	82	736
	2,291	1,301	615	4,207

* Includes business assets acquired by member firms.

(b) Other non-current liabilities

	2017 \$'000	2016 \$'000
Deferred cash consideration for acquisition of subsidiaries	304	654
Deferred cash consideration for acquisition of associates	–	82
Lease make good provision	668	631
	972	1,367

Movements in other non-current liabilities

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

	Deferred cash consideration for acquisition of subsidiaries* \$'000	Deferred cash consideration for acquisition of associates \$'000	Lease make good provision \$'000	Total \$'000
Consolidated 2017				
Non-current				
At 1 July 2016	654	82	631	1,367
Acquisition of subsidiary	421	–	–	421
Payment / adjustment during the year	–	–	37	37
Transferred to deferred cash consideration-current liabilities	(771)	(82)	–	(853)
At 30 June 2017	304	–	668	972

* Includes business assets acquired by member firms.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

17 Provisions

(a) Current provisions

	2017 \$'000	2016 \$'000
Employee benefits – annual leave	2,492	2,240
Employee benefits – long service leave	2,029	1,803
Remediation provision – refer note 25	882	–
	5,403	4,043

(b) Non-current provisions

	2017 \$'000	2016 \$'000
Employee benefits – long service leave	1,862	1,770
Remediation provision – refer note 25	–	530
	1,862	2,300

18 Contributed equity

(a) Share capital

	2017 Shares	2016 Shares	2017 \$'000	2016 \$'000
Fully paid – ordinary shares (b)	114,222,559	114,136,787	125,219	125,149
Capital contribution	–	–	1,968	1,968
ASX listing cost	–	–	(586)	(586)
Issued capital held by loan funded share plan (LFSP) (d)	–	–	(4,983)	(4,913)
Loan funded share plan establishment costs	–	–	(35)	(35)
	114,222,559	114,136,787	121,583	121,583

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price \$	\$'000
1 July 2015	Opening balance	113,711,933		124,748
22 December 2015	Shares issued for employee share plan	402,944	0.95	385
22 January 2016	Shares issued for employee loyalty plan	21,910	0.74	16
30 June 2016	Closing balance	114,136,787		125,149
1 July 2016	Opening balance	114,136,787		125,149
21 November 2016	Shares issued for employee share plan	85,772	0.82	70
30 June 2017	Closing balance	114,222,559		125,219

(c) Ordinary shares

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(d) Employee share scheme

The Company has an equity scheme, under which an entitlement to loan funded shares are granted to certain employees (refer note 33).

(e) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management monitors the capital structure to ensure that the Company is positioned to take advantage of favourable costs of capital or higher expected returns on assets. Return on equity is the primary measure used to monitor capital, for which a 15% target is used. The Company currently has a facility of \$20m, with the Macquarie Bank, of which \$13.5 million was drawn as at 30 June 2017. Future acquisitions and investments will be funded from existing and future cash flows as well as funds received under the Group's direct equity plan. Issuing new capital will also be considered. In the long term, the Company expects to maintain a dividend payout ratio of between 40% and 70% of maintainable net profit after tax and minority interests, subject to market conditions and Company performance. Management will consider varying the amount of dividends paid having regard to economic and industry conditions as well as acquisition requirements. The dividend policy has been amended from quarterly to half-yearly dividend payments, which will coincide with the Company's bi-annual financial reporting periods. Dividends paid and declared during 2017 are disclosed in note 22.

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

19 Reserves

(a) Reserves

	2017 \$'000	2016 \$'000
Acquisition reserve	(66,000)	(66,000)
Share based payment reserve	1,434	1,122
	(64,566)	(64,878)
(b) Movements in reserves		
Acquisition reserve		
At 1 July	(66,000)	(68,127)
Effect on reserves on account of DEP opted for by 3 subsidiaries	–	2,127
At 30 June	(66,000)	(66,000)
Share based payment reserve		
At 1 July	1,122	637
Share based payment for loan funded share plan	204	282
Application of dividends to loan funded share plan	177	203
Transferred to retained earnings	(69)	–
At 30 June	1,434	1,122
Available-For-Sale reserve		
At 1 July	–	420
Transfer from AFS reserve to retained earnings on early adoption of AASB 9	–	(420)
Total reserves	(64,566)	(64,878)

(c) Asset realisation reserve

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

(d) Nature and purpose of reserves

(i) Acquisition reserve

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(ii) **Share based payment reserve**

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

(iii) **Available-For-Sale reserve**

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

20 Retained earnings/(accumulated losses)

	2017 \$'000	2016 \$'000
At 1 July	2,783	(1,899)
Net (loss)/profit for the year	(106)	13,392
Transfers in*	69	420
Dividends paid and / or proposed	(5,701)	(9,130)
At 30 June	(2,955)	2,783

* For the year ended 30 June 2017, amounts transferred into retained earnings related to dividends attributable to the loan funded share plan that did not meet the vesting conditions. For the year ended 30 June 2016, the Transfer from AFS reserve to retained earnings was a result of the early adoption of AASB 9 – Financial Instruments.

21 Direct Equity Plan and Non-controlling interest

(a) **Direct equity plan (DEP)**

The DEP allows our member firms to buy back equity in their business. We believe this will better align principals and senior managers to share directly in their own business and drive improved performance. There were no DEP transactions entered into during the year ended 30 June 2017. During the year ended 30 June 2016, the following 3 firms participated in the DEP scheme and acquired shares in their subsidiaries. Details of the transactions are as follows:

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

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

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

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

	2017 \$'000	2016 \$'000
Acquisition reserve:		
Opening balance	(66,000)	(68,127)
Effect on the reserve on account of DEP opted for by 3 subsidiaries	–	2,127
Closing balance	(66,000)	(66,000)

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

(b) Non-controlling interest

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

	2017 \$'000	2016 \$'000
Reconciliation of non-controlling interest in controlled entities		
At 1 July	3,267	665
Additional capital issued to/buy back from NCI during the year	–	(289)
Disposals*	(158)	–
Value attributed to non-controlling interest on implementation of direct equity plan for 3 subsidiaries	–	2,790
Share of operating profit	981	588
Dividends paid by subsidiaries to non-controlling interests	(402)	(487)
At 30 June	3,688	3,267

* During the year CountPlus member firm Cartwright Brown & Company Financial Planning Pty Ltd's principal offered to take the 75% interest in CBC for \$1.8m which was held by CountPlus. The proposal was accepted and finalised effective 31 March 2017.

22 Dividends

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

	2017 \$'000	2016 \$'000
Dividends paid during the year		
Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended 30 June 2017 of 5.0 cents (2016 – 6.0 cents) per share	5,701	6,847
Dividends proposed and recognised as liability		
Final dividend fully franked based on tax paid @ 30%, ordinary dividend for the year ended 30 June 2017 of 0.0 cents (2016 – 2.0 cents) per share	–	2,283
Total dividends paid or provided for during the year	5,701	9,130

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

(b) Franking account balance

	2017 \$'000	2016 \$'000
The franking credits available for subsequent financial years at a tax rate of 30%	5,310	1,393

The above available balance is based on the dividend franking account as at year end of reporting period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

23 Key management personnel disclosures

(a) Directors

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

(i) Chairman

Barry Lambert Stepped down as Chair on 26 April 2017, and remains as a Non-Executive Director
Ray Kellerman Appointed to the Board 16 January 2017, and appointed Chair 27 April 2017

(ii) Executive Directors

Phillip Aris Resigned as Managing Director and CEO on 23 February 2017
Matthew Rowe Appointed as Managing Director and CEO on 24 February 2017
Philip Rix Resigned on 10 November 2016

(iii) Non-Executive Directors

Matthew Rowe Appointed 1 October 2016 until 23 February 2017, when he was appointed as CEO
Alison Ledger Appointed 1 October 2016
Kate Hill Appointed 26 June 2017
Barry Lambert Remains as a Non-Executive Director after stepping down as Chair on 26 April 2017
Graeme Fowler

(b) Key management personnel compensation

	2017 \$	2016 \$
Short-term employee benefits	1,125,930	1,194,360
Post-employment benefits	122,449	96,413
Long-term benefits	3,873	20,290
Termination benefits	251,467	107,107
Share-based payments	7,353	11,382
	1,511,072	1,429,552

Detailed remuneration disclosures are provided in the Remuneration Report.

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of consolidated entity's key management personnel for the year ended 30 June 2017.

(c) Shareholdings

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

	2017 Number	2016 Number
Barry Lambert	5,398,062	5,398,062
Phil Aris *	80,143	80,143
Phillip Rix **	204,374	1,044,252
Graeme Fowler	18,595	18,595
Ray Kellerman	150,000	–
Matthew Rowe	380,000	–
Alison Ledger	–	–
Kate Hill	–	–
John Collier	178,791	69,168

* Phil Aris resigned as Managing Director and CEO on 23 February 2017.

** Philip Rix resigned from the CountPlus Board on the 10th of November 2016. The total number of shares held on the day of resignation was 1,044,252.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(d) Other transactions with key management personnel

On 21 October 2013, CountPlus Limited made a strategic investment of \$2.15m (subscribing for 1 million shares representing 3.7% of total shares on issue in Class Limited (formerly Class Pty Ltd), a technology business that owns the self-managed superannuation fund software administration platform, "Class". On 30 June 2017, CountPlus Limited and some of its member firms held 1,122,000 (2016: 6,327,540) ordinary shares in Class Limited which have been disposed subsequent to year end.

The Non-Executive Director (Chairman until 26 April 2017) of CountPlus Limited, Barry Lambert was the Chairman of Class Limited, appointed to that position in November 2008 until his resignation on 9 February 2017. As at 30 June 2017, Mr Lambert and his related parties held 1,400,000 shares in Class Limited. In financial year 2016, Mr Lambert and his related parties held 2,047,318 ordinary shares in Class Limited (1.75%). Mr Lambert did not participate or bear any kind of influence in decisions relating to investments in/or divestments of Class Limited.

Managing Director and CEO (Non-Executive Director 1 October 2016 to 23 February 2017) Matthew Rowe is the Executive Chair and Investor in My Accounts Accountants and Bookkeepers (My Accounts). In FY2017 CountPlus used the services of My Accounts for which it paid \$1,500 (excluding GST). CountPlus' 100% owned subsidiary CountPlus One Pty Ltd paid \$10,600 (excluding GST) in fees and disbursements to My Accounts. Mr Rowe did not participate or bear any kind of influence in decisions relating to transactions with My Accounts.

There are no other transactions which involved key management personnel during the financial year 2017.

24 Remuneration of Auditors

	2017 \$	2016 \$
Grant Thornton		
<i>Audit services</i>		
Audit and review of financial reports	301,250	295,500
Total remuneration for audit and other services	301,250	295,500
Total remuneration of Grant Thornton	301,250	295,500

25 Contingencies

Contingent liabilities

Remediation program payments

As a result of the additional licence conditions imposed on Total Financial Solutions Australia Limited (TFSA) effective 25 September 2015, TFSA is currently conducting an ongoing review of financial product advice provided by one of its authorised representatives for the period commencing 1 January 2013 to 11 December 2015.

The review and remediation program involves approximately 520 retail clients. The objective of the program is to assess the appropriateness of the advice provided and if the advice is found to be inaccurate, incomplete or inappropriate then TFSA is to restore the client's financial position.

TFSA has reached an agreement with its professional indemnity insurer to provide a contribution of \$3.25m towards expected financial detriment that affected clients may have suffered as a result of the advice provided.

TFSA has finalised the methodology to be undertaken in order to assess the quantum of any client detriment and is currently assessing that detriment.

TFSA has previously advised that it provisioned \$530,000 at 30 June 2016 to cover the cost of assessing all advice provided. A further \$1.187m has been provided during the financial year ended 30 June 2017 to cover any additional anticipated costs (net of any contribution from the professional indemnity insurer) of the review and remediation program, including costs associated with assessed clients, where it is considered probable that there will be an outflow of resources (see note 3). Costs of \$835,000 have been incurred during the year, and therefore the balance of the provision is \$882,000 at 30 June 2017. No provision has been recognised in respect of those clients where it is not considered probable (but still possible) that there will be an outflow of resources.

Guarantees

Guarantees given in respect of leases and premises amounted to \$1,087,641 (2016: \$1,350,510) for the Group. No material losses are anticipated in respect of this guarantees.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

26 Commitments

(a) Capital commitments

The Group has no capital commitments as at 30 June 2017.

(b) Lease commitments

(i) Operating leases

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

	2017 \$'000	2016 \$'000
Minimum lease payments under non-cancellable operating leases:		
Within one year	3,924	4,022
Between one and five years	8,694	9,731
Later than five years	3,675	3,342
	16,293	17,095

(ii) Finance leases

As at the reporting date, the Group has no finance lease liabilities (2016: \$nil).

(c) Hire purchase commitments

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

	2017 \$'000	2016 \$'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	32	13
Between one and five years	16	40
Minimum payments	48	53
Future finance charges	(5)	(4)
Total liabilities	43	49
Representing hire purchase liabilities		
Current (note 15)	27	11
Non-current (note 15)	16	38
	43	49

(d) Remuneration commitments

	2017 \$'000	2016 \$'000
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, are payable:		
Within one year	–	24

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

27 Related party transactions

(a) Parent entities

The parent entity within the Group is CountPlus Limited.

Count Financial has an ownership interest in CountPlus Limited of 35.85% as at 30 June 2017 (2016: 35.87%). Count Financial is fully owned by the Commonwealth Bank of Australia.

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 28.

Transactions between the Company and its subsidiaries during the year consisted of:

- ▶ the loans advanced by the Company to subsidiaries;
- ▶ the payment of dividends to the Company by subsidiaries; and
- ▶ the remittance of profits to the Company by subsidiaries.

Interest is payable at 8% p.a. (2016: 10% p.a.) on the loans advanced by the Company to subsidiaries. At year end, all loan balances, payment of dividends and the remittance of profits between the Company and these subsidiaries were eliminated on consolidation.

(c) Key Management Personnel

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

(d) Transactions with related parties

The following transactions occurred with related parties:

	2017 \$	2016 \$
<i>Sales of goods and services</i>		
Net fees and commissions received from Count Financial	14,633,328	15,478,705

Fourteen of the eighteen subsidiaries (after disposal of Cartwright Brown & Company Financial Planning Pty Ltd) of the Group were franchisees of Count Financial during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial is income received by CountPlus Limited under a 'Relationship Deed' agreement.

CountPlus Limited entered into a 'Relationship Deed' agreement with Count Financial on 4 November 2010. Count Financial granted CountPlus "Most Favoured Nation Status" (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the CountPlus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other member of the Count Group. Count will pay CountPlus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of CountPlus FUM with that Platform Provider. Count will pay CountPlus 50% of any revenue received from an Asset Financier in relation to Asset Financing for CountPlus' clients, customers and associates. CountPlus received fees and commissions of \$1,405,532 (2016: \$1,176,113) from Count Financial in accordance with the terms set out in the Relationship Deed. On 22 December 2015, an amendment to the 'relationship Deed' was signed. The purpose of this amendment was to clarify and ensure compliance with the FOFA provisions set out in the Corporations Act.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

	2017 \$	2016 \$
<i>Premises expenses¹</i>		
Catalyst Finance Pty Ltd ²	199,641	193,826
The Southport Unit Trust ³	269,426	233,037
Rosebead Pty Ltd ⁴	58,200	57,953
Brinfields Superannuation Fund ⁵	70,000	68,277
Mark & Bronwyn Kenmir Superannuation Fund ⁶	27,528	25,035
Bronwyn Kenmir ⁷	41,488	40,530
ASCA Nominees Pty Ltd ⁸	19,478	74,219
Cummings and West Super Fund ⁹	61,285	30,586
	747,046	723,463

- Premises expenses with related parties are set and maintained at commercial rates, with reviews carried out per the terms of standard contracts.
- Catalyst Finance Pty Ltd is an unlisted entity controlled by Mr D Glover, Mr C Bartlett and Ms J Beverley. Mr D Glover, Mr C Bartlett and Ms J Beverley are also the principals of Evolution Advisers Pty Ltd, a wholly owned subsidiary of the parent entity.
- Mr M Beddoes and Mr G Missen are directors of MBA Bookkeeping Pty Ltd, the trustee for the Southport Unit Trust. Both Mr M Beddoes and Mr G Missen are principals of The MBA Partnership Pty Ltd, a 60% owned subsidiary of the parent entity.
- Rosebead Pty Ltd is an unlisted entity and the trustee for the Muttama Superannuation Fund. Mr M Twomey, Mr G Twomey, Ms R Twomey, and Ms M Twomey are joint beneficiaries of the Muttama Superannuation Fund. Mr M Twomey is a principal of Twomeys Pty Ltd, a wholly owned subsidiary of the parent entity. Mr G Twomey and Ms M Twomey are employees of Twomeys Pty Ltd.
- Brinfields Superannuation Fund is the 80% building owner which is the SMSF of principal of our subsidiary 360FA, Jonathan Ritchie and Wendy Ritchie. The SMSF also owns 100% of the issued units in a Trust which owns the other 20%.
- The Mark and Bronwyn Kenmir Superannuation Fund is the SMSF of Mr Mark Kenmir, the principal of Cooma Accounting and Financial Services.
- Ms Bronwyn Kenmir is wife of Mr Mark Kenmir, the principal of subsidiary, Cooma Accounting and Financial Services Pty Ltd.
- ASCA Nominees Pty Ltd is an unlisted entity and owns the office used by subsidiary, Pacific East Coast Pty Ltd. Mr Alan Serverino, a principal of the same subsidiary is one of the fifteen unit holders of the entity. In October 2016, Mr Serverino sold his shares in ASCA Nominees Pty Ltd and therefore the entity is no longer a related party.
- Cummings and West Super Fund is an unlisted entity controlled by Ms Julie West. Ms Julie West is a principal and part owner of subsidiary The MBA Partnership (NSW) Pty Ltd.

(e) Outstanding balances arising from transactions with related parties

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

	2017 \$	2016 \$
Current receivables		
- Receivable from Count Financial Limited	279,818	308,221
Current payables		
- Payable to Count Financial Limited	283,330	283,330

Current receivables

The above current receivable consists of rebate receivable of \$279,818 (2016: \$308,221). These are included in 'Trade and other receivables' in the statement of financial position.

Current payables

The above current payable was on account of the fee payable by the parent to Count Financial (Count) under a service agreement. CountPlus (Parent) entered into a service agreement with Count in November 2010 under which Count provided services to the parent including shared office space, furniture, computer hardware and software, IT services and support. It was included in current 'Trade and other payables' in note 14. The parent moved its offices in December 2014 and hence the service fees have since ceased.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 37(b):

Name of entity	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
1. The MBA Partnership Pty Ltd*	Australia	60.0	60.0
▶ Digital O2 Pty Ltd (formerly 888 Corporate Pty Ltd)	Australia	100.0	100.0
▶ MBA FS (Rawsons) Pty Ltd	Australia	70.0	70.0
▶ The MBA Partnership (NSW) Pty Ltd	Australia	51.0	51.0
2. Twomeys Pty Ltd (formerly HMA Twomeys Pty Ltd)*	Australia	100.0	100.0
▶ Audits Service Company Pty Ltd (Countplus National Audits)	Australia	100.0	100.0
▶ Twomeys Accounting and Advice Pty Ltd	Australia	100.0	100.0
▶ Twomeys Wagga Financial Planning Pty Ltd	Australia	100.0	100.0
3. Bentleys (WA) Pty Ltd*	Australia	100.0	100.0
4. Addvantage Accountants (formerly Beames & Associates Accounting and Financial Services Pty Ltd)*	Australia	100.0	100.0
▶ Cooma Accounting and Financial Services Pty Ltd	Australia	100.0	100.0
5. Specialised Business Solutions Pty Ltd*	Australia	61.3	61.3
6. Mogg Osborne Pty Ltd*	Australia	100.0	100.0
7. Crosby Dalwood Pty Ltd*	Australia	100.0	100.0
8. Cooper Reeves Pty Ltd*	Australia	100.0	100.0
9. CountPlus One Pty Ltd (formerly CountPlus MBT Pty Ltd)*	Australia	100.0	100.0
10. Evolution Advisers Pty Ltd*	Australia	100.0	100.0
11. Robson Partners Pty Ltd*	Australia	100.0	100.0
12. Achieve Corporation Pty Ltd*	Australia	100.0	100.0
13. Kidmans Partners Pty Ltd*	Australia	60.0	60.0
14. 360 Financial Advantage Pty Ltd (formerly 360 Financial Vision Pty Ltd)	Australia	100.0	100.0
15. Wearne & Co Pty Ltd*	Australia	100.0	100.0
16. Cartwright Brown & Company Financial Planning Pty Ltd^	Australia	–	75.0
17. CountPlus FS Holdings Pty Ltd (TFS Group)*	Australia	100.0	100.0
▶ Total Financial Solutions Australia Ltd	Australia	100.0	100.0
▶ TFS Operations Pty Limited	Australia	100.0	100.0
▶ TFS Advice Pty Limited	Australia	100.0	100.0
18. Kidmans PEC Pty Ltd (PEC Group)*	Australia	100.0	100.0
▶ Pacific East Coast Pty Ltd	Australia	100.0	100.0
▶ Property Investment Management Ltd	Australia	100.0	100.0
▶ Pacific East Coast Securities Ltd	Australia	100.0	100.0
▶ Pacific East Coast Accounting Pty Ltd	Australia	100.0	100.0
▶ Pacific East Coast Real Estate Pty Ltd	Australia	100.0	100.0
▶ Pacific East Coast Queensland Pty Ltd	Australia	100.0	100.0
▶ Pacific East Coast ACT Real Estate Pty Ltd	Australia	100.0	100.0
▶ Pacific East Coast WA Pty Ltd	Australia	100.0	100.0
▶ Home Port Property Group Pty Ltd (Trustee of Home Port Property Unit Trust)	Australia	100.0	50.0
▶ Home Port Property Group Unit Trust	Australia	100.0	50.0
19. BLUE789 Pty Ltd	Australia	100.0	100.0
20. ADVICE389 Pty Ltd	Australia	100.0	100.0

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

These entities are consolidated into the respective cash generating units (CGUs) identified above. The class of shares acquired for all the subsidiaries is ordinary shares.

^ Cartwright Brown & Company Financial Planning Pty Ltd was disposed of during the 2017 financial year. Refer to note 28(d) for further details.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(a) Significant restrictions relating to subsidiaries

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

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

(b) Consolidated structured entities

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

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

On 31 March 2017, the parent entity disposed of its 75% interest in Cartwright Brown & Company Financial Planning Pty Ltd (CBC). The actual control was lost on 31 March 2017 and the transaction was settled on 28 April 2017.

An accounting profit of \$820,000 was attributable to members of the parent from the disposal and is recorded in the other income line in the consolidated statement of profit or loss and other comprehensive income.

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

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

	2017 CBC \$'000
Cash and cash equivalents	47
Receivables	109
Total current assets	156
Property, plant and equipment	31
Intangible assets	843
Deferred tax assets (net)	16
Total non-current assets	890
Trade payables	(4)
Provisions	(19)
Total current liabilities	(23)
Provisions	(16)
Total non-current liabilities	(16)
Net assets	1,007
Total consideration	
- Received in cash / deferred consideration	1,827
- Net assets	(1,007)
Accounting profit on disposal of subsidiary	820

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

29 Business Combinations

(a) Current period

Summary of acquisitions

In July 2016, CountPlus subsidiary Kidmans Partners Pty Ltd acquired 100% of the business assets of McPherson Financial Solutions Pty Ltd. A cash consideration of \$466,400 was paid on settlement with the remaining expected balance of \$116,600 to be settled in 2 deferred payments.

In July 2016, CountPlus subsidiary Pacific East Coast Pty Ltd acquired the remaining 50% of the business assets of Home Port Property Group Pty Ltd. A cash consideration of \$138,736 was paid on settlement.

In November 2016, CountPlus subsidiary Mogg Osborne Pty Ltd acquired 100% of the business assets of Brooks Accountants Pty Ltd. A cash consideration of \$634,209 was paid on settlement with the remaining expected balance of \$180,000 to be settled in 1 deferred payment.

In December 2016, CountPlus subsidiary the MBA Partnership Pty Ltd acquired 100% of the business assets of DFK Crosbie Pty Ltd – Gold Coast. A cash consideration of \$1,136,521 was paid on settlement with the remaining expected balance of \$478,497 to be settled in 2 deferred payments.

In January 2017, CountPlus subsidiary 360 Financial Advantage Pty Ltd acquired a portion of the business assets of R W Fox & Associates. A cash consideration of \$66,650 was paid on settlement with the remaining expected balance of \$53,000 to be settled in 2 deferred payments.

	McPherson Financial Solutions Fair value \$'000	Brooks Accountants Fair value \$'000	DFK Crosbie Gold Coast Fair value \$'000	Home Port Fair value \$'000	R W Fox & Associates Fair value \$'000
Contribution since acquisition					
Gross revenue	550	663	867	119	112
Net profit	122	97	134	112	6
Assets and liabilities acquired					
Acquired Client Relationships	117	150	615	–	–
Other assets	–	–	–	139	–
Total assets	117	150	615	139	–
Employee liabilities	–	(86)	(132)	–	–
Deferred tax liabilities	(35)	(45)	(185)	–	–
Total Liabilities	(35)	(131)	(317)	–	–
Fair value of identifiable net assets	82	19	298	139	–
Goodwill arising on acquisition	501	795	1,317	–	120
Acquisition date fair value	583	814	1,615	139	120
Cash paid	466	634	1,137	139	67
Contingent cash consideration*	117	180	478	–	53
Total Consideration	583	814	1,615	139	120

*Refer to note 38(d).

(b) Contribution of entities acquired during the period

The above listed acquisitions made during financial year 2017 contributed gross revenue and net profit of \$2,310,000 and \$472,000 respectively, to the Consolidated Profit or Loss and Statement of Other Comprehensive Income. Had the acquisitions occurred at the beginning of the reporting period, the Consolidated Profit or Loss and Statement of Other Comprehensive Income would have included gross revenue and net profit of approximately \$3,441,000 and \$696,000 respectively.

(c) After the reporting period

Business combinations completed after the end of the reporting period are detailed in note 30. The acquisition accounting for these business combinations had not been completed at the time the financial statements were being prepared. During the measurement period, these acquisitions will be provisionally accounted for until purchase price accounting is finalised, at which point the financial effects of these business combinations will be fully disclosed.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

30 Events occurring after the reporting date

On 1 July 2017, CountPlus Limited sold 100% of its interest in its Sydney and Wagga based subsidiary, CountPlus National Audits. The consideration for the sale was \$1,100,000, with the transaction settled on 31 July 2017.

On 8 July 2017, CountPlus Limited's 100% owned subsidiary Total Financial Solutions Australia Limited sold its 49% equity interest in McQueen Financial Group. The consideration for the sale is \$2,396,689. 40% of the sale consideration was paid on 31 August 2017. The remaining 60% is to be paid as follow: 20% in August 2018, 20% in August 2019 and 20% in August 2020.

Subsequent to year end, CountPlus Limited and its subsidiaries disposed of 1,122,000 shares in Class Limited for consideration of \$3,583,744 (after transaction costs).

As previously announced, directors Barry Lambert and Graeme Fowler have both indicated their intentions to retire from the Board of Directors on 30 September 2017.

On 30 August 2017 the Company's Chief Financial Officer John Collier tendered notice of his resignation and is expected to leave CountPlus in November 2017.

On 30 August 2017 CountPlus Chairman Ray Kellerman through his family trust RK Sydney Pty Ltd, bought an additional 175,000 shares in CountPlus Limited.

On 30 August 2017 CountPlus Managing Director and CEO Matthew Rowe through his Superannuation Fund, Rowe Heaney Super Fund Pty Ltd, bought an additional 183,048 shares in CountPlus Limited.

On 31 August 2017 CountPlus Non-executive Director Kate Hill through Dunford Superannuation Fund Pty Ltd, bought 44,725 shares in CountPlus Limited.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect:

- (a) the Group's operations in future financial years, or consolidated entity
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs consolidated entity in future financial years.

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

	2017 \$'000	2016 \$'000
Net profit from operations after income tax for the year	875	13,980
Non-cash items in profit:		
Depreciation and amortisation	3,744	3,621
Share based payments	204	298
Bad debt (written off) / provision for impairment of receivables	(227)	(816)
(Gain) on deferred consideration	(1,106)	(245)
Share of associates' net loss/(profit)	157	(1,111)
Net loss on disposal of assets	116	304
Write-offs and impairment of non-current assets	5,001	3,594
(Gain) / loss on revaluation of Class Limited shares	337	(16,294)
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	(684)	1,839
(Increase)/Decrease in work in progress	772	(5)
Increase in trade and other payables	749	710
Increase/(Decrease) in income taxes payable	3,085	514
Increase/(Decrease) in net deferred taxes liabilities	(4,907)	3,758
Increase in employee and other provisions	(130)	136
Net cash inflow from operating activities	7,986	10,283

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

32 Earnings per share

(a) Earnings per share

	2017 Cents	2016 Cents
Basic earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	(0.10)	12.13
Diluted earnings per share (EPS) from continuing operations attributable to the ordinary owners of the Company	(0.10)	12.13

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

	2017 \$'000	2016 \$'000
Profit from continuing operations	875	13,980
Profit attributable to non-controlling equity interest in respect of continuing operations	(981)	(588)
Earnings used to calculate basic and diluted EPS from continuing operations	(106)	13,392

(c) Earnings used to calculate overall earnings per share

	2017 \$'000	2016 \$'000
Profit attributable to the ordinary owners of the Company used in calculating basic and diluted EPS	(106)	13,392

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

	2017 No.	2016 No.
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	110,408,752	110,386,842
Loan funded share plan	–	239
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	110,408,752	110,387,081

33 Share based payment plans

(a) Loan funded share plan

Long term incentive awards are delivered to employees in the form of a loan funded share plan (LFSP). Under the plan, employees who have contributed to Group performance may be granted an allocation of loan-funded shares which are held on their behalf by an employee share trust. The LFSP is fully funded by a non-recourse interest-free loan, over a maximum of 5 years, provided by the Company. LFSP shares are held by the trust until the vesting conditions are satisfied and the loan is repaid. The shares will normally vest with the employee when the participant remains in continuous employment with the parent or subsidiary for a period of 3 years commencing on the grant date. Additional performance based vesting conditions applies to Directors of subsidiaries. Unvested shares held by the trust are owned by the Consolidated entity and recorded at cost in the consolidated statement of financial position within equity as treasury shares (see note 37(v)). Dividends paid by the Company on shares in the LFSP are partly distributed to the participants to meet taxation liabilities. The remainder is applied to repay the loan balance and is eliminated on consolidation. A transfer is made from retained earnings to a separate reserve on consolidation for the amount of the dividend applied to the loan.

Any forfeited shares may be reallocated in subsequent grants.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

A summary of the Company shares issued up to the year ended 30 June 2017 are as follow:

Description	Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
LFSP 2013	15 January, 2013	14 January, 2016	1.50	486,889	–	–	–	486,889	486,889
LFSP 2014	15 January, 2014	14 January, 2017	1.87	825,032	–	–	(132,015)	693,017	693,017
LFSP 2015	2 March, 2015	1 March, 2018	1.12	2,013,170	–	–	(224,126)	1,789,044	–
LFSP 2016	21 December, 2015	20 December, 2018	0.95	440,333	–	–	(371,165)	69,168	–
LFSP 2017	16 November, 2016	15 November, 2019	0.82	–	386,673	–	(305,900)	80,773	–

(b) Weighted average fair value of LFSP granted

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

Description	LFSP 2013	LFSP 2014	LFSP 2015	LFSP 2016	LFSP 2017
Grant date:	15 January 2013	15 January 2014	2 March 2015	21 December 2015	16 November 2016
Expiry date:	14 January 2016	14 January 2017	1 March 2018	20 December 2018	15 November 2019
Valuation at grant date (\$):	0.59	0.46	0.27	0.15	0.24
Exercise price (\$):	1.50	1.87	1.12	0.95	0.82
Expected life of the LFSP (years):	5	5	5	5	5
Dividend yield:	0%	0%	0%	0%	0%
Expected share price volatility:	40.00%	20.00%	22.52%	20.78%	28.75%
Vesting probability:	100.00%	100.00%	80.00%	80.00%	100.00%
Risk-free interest rate:	2.96%	3.47%	1.96%	2.24%	2.05%
Fair value at grant date (\$):	0.59	0.37	0.21	0.12	0.24

The expected life is based on current expectations and may not be indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility over a period similar to the expected life of the loan funded shares is indicative of future trends, which may not necessarily be the outcome. Under the plan, dividends are applied to reduce the loan balance so a 0% dividend yield was used in the model.

The share based payment expense associated with the LFSP 2013 was \$(28,811) (2016: \$48,364) and the remaining contractual life for the shares issued in the plan is 0.54 years.

The share based payment expense associated with the LFSP 2014 was \$82,593 (2016: \$101,367) and the remaining contractual life for the shares issued in the plan is 1.54 years.

The share based payment expense associated with the LFSP 2015 was \$140,613 (2016: \$136,469) and the remaining contractual life for the shares issued in the plan is 2.67 years.

The calculations for the 2013, 2014 and 2015 LFSP were updated as some of the employees who discontinued their employment (with the respective subsidiaries) breached the vesting conditions and became ineligible to receive the shares under the respect LFSP. They had to be fully excluded, and accordingly the amounts had to be recalculated. The amount charged to the income statement on account of share based payment expenses for FY2017 is the adjusted balancing amount to arrive at the correct cumulative balance as at 30 June 2017.

The share based payment expense associated with LFSP 2016 was \$5,187 (2016: \$11,382) and the remaining contractual life of the shares issued in the plan is 3.48 years.

The share based payment expense associated with LFSP 2017 was \$3,972 and the remaining contractual life of the shares issued in the plan is 4.38 years.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(c) Employee loyalty equity plan

During the 2017 financial year, no shares were issued under the employee loyalty equity share plan (2016: 21,910 shares to 17 employees at \$0.74 per share, resulting in an expense of \$16,268).

(d) Shares issued to former CEO and CFO

On 21 November 2016 Phil Aris was granted 305,960 Loan Funded Shares (valued at \$250,000) following shareholder approval at the 2016 Annual General Meeting and John Collier was granted 80,773 (valued at \$66,000). The shares for Phil Aris were fully excluded for FY2017 following Mr Aris' departure from CountPlus.

34 Financial Risk Management

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

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

(a) Market risk

(i) Price risk

As a result of the Group's exposure to equity securities, price risk arises from investments held by the Group and classified in the balance sheet as 'Other investments and financial assets – listed equity securities held at fair value through profit and loss (FVTPL) financial assets'. These consist of investments in shares of Class Limited. Our holding in Class Limited are valued at its share price listed on ASX on 30 June 2017. The Group's Other Investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Group manages the risk through monitoring the price of the investments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At reporting date, the exposure to Other investments at fair value was \$3,366,000 (2016: \$20,881,000). A decrease of 10% in observable market price would reduce the after-tax profit by \$236,000 (2016: \$1,462,000). An increase of 10% in the observable market price would increase the after-tax profit by \$236,000 (2016: \$1,462,000). As a result of the sale of all Class shares post reporting date the Company has no market risk exposure.

(ii) Interest rate risk

The Group's risk exposure to changes in market interest rates relates primarily to long term borrowings under a variable rate arrangement. In May 2015, CountPlus entered into a variable rate, 3 year interest only, revolving line of credit facility with a limit of \$30m. This facility was extended on 17 May 2017 with a revised facility limit of \$20m until 29 November 2018. The bill rate is variable and is based on the indicative Bank Bill Swap (BBSW) Reference Rates published in Australian Financial Review plus a margin. In addition, there is a line fee on the facility. As at reporting date, \$6,465,000 of the facility remains undrawn. This facility is with the Macquarie Bank. The Group has not entered into any hedging or other contracts to mitigate this risk.

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

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

At 30 June 2017, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2017 \$'000	2016 \$'000
Change in profit		
+1% (100 basis points) (2016: 2%)	(30)	(258)
-1% (100 basis points) (2016: 1%)	30	129

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(b) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its investing and financing activities (primarily, investment in associates, other investments and guarantees held by financial institutions, as disclosed in notes 9, 13 and 25 respectively).

The Group trades only with creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of counterparties to spread the risk of default of counterparties.

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, as indicated in the consolidated statement of financial position. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question. In addition, receivable balances are monitored on an ongoing basis. The Group observes its provision policy.

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

(c) Liquidity risk

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

Financing arrangements

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

	2017 \$'000	2016 \$'000
Floating rate		
Expiring within one year	-	-
Expiring beyond one year	6,465	4,457
Total	6,465	4,457

35 Fair Value Measurement

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

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

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

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

Level 3 — the fair value is estimated using inputs for the asset or liability that are not based on observable market data. The fair value of the financial instruments held by the Group are summarised in the table below.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2017				
Financial assets				
Other Investments – FVTPL	3,366	-	-	3,366
	3,366	-	-	3,366
Financial liabilities				
Contingent cash consideration	-	-	(1,114)	(1,114)
Total	3,366	-	(1,114)	2,252

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2016				
Financial assets				
Other investments – FVTPL	20,881	-	-	20,881
	20,881	-	-	20,881
Financial liabilities				
Contingent cash consideration	-	-	(1,916)	(1,916)
	-	-	(1,916)	(1,916)
Total	20,881	-	(1,916)	18,965

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

Fair value of other investments held at fair value through profit and loss is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred on 30 June 2017, excluding new issue of shares. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

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

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

Financial liabilities – sensitivity to changes in assumptions

If the fees achieved by Brooks Accountants in the 12 months after the date of completion declines by 10% compared to the contracted amount, a reduction of \$101,300 in contingent consideration would result.

If the fees achieved by DFK Crosbie Gold Coast in the 12 months after the date of completion declines by 10% compared to the contracted amount, a reduction of \$181,249 in contingent consideration would result.

If the fees achieved by DFK Crosbie Gold Coast in the 12 months after the date of completion increases by 10% compared to the contracted amount, an increase of \$36,250 in contingent consideration would result.

If the fees achieved by DFK Crosbie Gold Coast in the 13-24 months after the date of completion declines by 10% compared to the contracted amount, a reduction of \$116,000 in contingent consideration would result.

If the fees achieved by DFK Crosbie Gold Coast in the 13-24 months after the date of completion increases by 10% compared to the contracted amount, an increase of \$65,249 in contingent consideration would result.

The maximum potential payment for deferred consideration is \$1,227,099 (2016: \$2,460,000).

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

Level 3 measurements

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

	2017 \$'000
Balance at beginning of year	(1,916)
Total gains or losses for the year	
Gain/(loss) on deferred consideration recognised in profit or loss	1,106
Other movements	
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during the year	(846)
Cash paid for settlement of deferred cash consideration	542
Balance at end of year	(1,114)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

36 Parent entity

(a) Summary financial information

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

	2017 \$'000	2016 \$'000
Statement of Financial Position		
Net assets		
Current assets	1,495	2,399
Non-current assets	107,290	136,102
Total Assets	108,785	138,501
Current liabilities	(1,310)	(3,186)
Non-current liabilities	(17,007)	(30,388)
Total Liabilities	(18,317)	(33,574)
	90,468	104,927
Equity		
Contributed equity	126,552	126,482
Reserves		
Share based payment reserve	1,434	1,121
(Accumulated losses)/Retained earnings	(37,518)	(22,676)
	90,468	104,927
Profit or Loss and Other Comprehensive Income		
Profit or Loss for the year	(9,210)	13,804
Total comprehensive income	(9,210)	13,804

(b) Guarantees entered into by parent entity

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

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

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

The parent entity did not have any commitments as at 30 June 2017 or 30 June 2016.

37 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

(i) Compliance with IFRS

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

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

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

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

A preliminary analysis assessing the impact of the adoption of AASB 15 has been performed, which indicates that there will be no material impact on the Group's financial statements. However, a comprehensive review remains on-going due to the significant requirements of AASB 15.

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

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

(iii) New and amended standards adopted by the Group

During the current year, the Group adopted all mandatory accounting standards. There were no standards adopted that have had a material impact on the Consolidated entity.

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

- (i) Reclassification of Investment in shares of Class Limited from 'Available for sale' to 'Fair value through profit and loss'. At June 2015, the adjustment in fair value of \$420,000 was posted through 'Other comprehensive income' by creating 'Available for sale reserve'. Pursuant to adoption of AASB 9, this has been transferred directly to retained earnings at 1 July 2015.
- (ii) The fair value adjustment of \$16,294,000 (pre-tax) due to change in the value of shares in Class Limited was recognised directly in the profit and loss account under 'Other income' for the 30 June 2016 financial year. This was based on the closing price listed on ASX as at 30 June 2016.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(iv) **Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 38.

(v) **Historical cost convention**

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

(vi) **Changes to presentation**

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

(b) **Principles of consolidation**

(i) **Subsidiaries**

The Consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CountPlus Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. CountPlus Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated entity.

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 37(h)).

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

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

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

(ii) **Associates**

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill and other intangible assets identified on acquisition. Those other intangible assets have been amortised in the determination of profit (refer to note 13).

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

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

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

(iii) **Employee share trust**

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transaction and balances

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

(d) Revenue recognition

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

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

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

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

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

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

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

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

Sale of goods

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

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

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

(e) Finance costs

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(f) Income tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(g) Leases

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

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

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

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

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

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

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

(h) Business combinations

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(i) Impairment of assets

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

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

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

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

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

(j) Cash and cash equivalents

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

(k) Trade receivables

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

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

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

(l) Work in progress

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

CountPlus Limited has a Group policy for provision for write-off of Work in Progress (implemented first in December 2011). The purpose of the Group policy is to ensure that measurement of net realisable value by subsidiaries across the Group are guided by a consistent policy and are accounted for in the same manner.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(m) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit and loss

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

(ii) Financial liabilities

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

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

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

Financial guarantees

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Derecognition

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

(n) Fair value measurement

The Group measures financial assets and financial liabilities at fair value at each balance sheet date. Reconciliation of the fair value of financial assets and financial liabilities are disclosed in note 35.

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(o) **Property, plant and equipment**

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

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

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

Leasehold improvements	15% - 20%
Office equipment	4% - 67%
Furniture, fixtures and fittings	8% - 37%
Make good	Over the estimated life of the lease
Motor vehicle	9%

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(p) **Assets held for sale**

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

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

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

(q) **Intangible assets**

(i) **Goodwill**

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

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

Further details on the methodology and assumptions used are outlined in note 12.

(ii) **IT software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. IT software is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(iii) **Acquired client relationships and Adviser networks**

Acquired client relationships are intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the clients and customers with long-term relationships with the business being acquired. These assets are capitalised at fair values at the date of acquisition. Acquired client relationships are amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets is considered to be 10 years and they are amortised and expensed using a declining balance method. This useful life was revised during FY2017 from 15 years. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those relationships. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure the amortisation expense reflects the performance of the intangible asset.

Adviser networks are the intangible assets identified in the acquisition of the TFS Group and represent that part of the purchase consideration that is attributable to and represented by the advisers with long term relationships with that business. These assets were capitalised at fair value at the date of the acquisition, amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets is considered to be 10 years and are amortised and expensed using a declining balance method. This useful life was revised during FY2017 from 15 years. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those networks. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure that the amortisation expense reflects the performance of the intangible asset.

(iv) **Research and development**

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

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

(v) **Brands**

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

(vi) **Other intangible assets**

Other intangible assets acquired are recognised at cost at acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised over the useful economic life and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those assets. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure the amortisation expense reflects the performance of the intangible asset.

(r) **Trade and other payables**

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

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

(s) **Borrowings**

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

(t) **Borrowing costs**

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(u) Provisions

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

(v) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(iii) Share-based payments

The entity provides benefits to employees in the form of share-based payment transactions, whereby employees are rewarded with an entitlement to shares ("equity-settled transactions"). For further details, refer to note 33.

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

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

(iv) Loan funded share plan

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

For further details, refer to note 33.

(w) Contributed equity

Ordinary shares are classified as equity.

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

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- ▶ the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- ▶ by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 32).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

(ii) **Diluted earnings per share**

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

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

(y) **Goods and Services Tax (GST)**

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

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

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

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

(z) **Comparatives**

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

(aa) **Parent entity financial information**

The financial information for the parent entity, CountPlus Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

(ii) **Tax consolidation legislation**

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

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

(iii) **Financial guarantees**

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

The Company currently has a 3 year interest only bill facility of \$20m, with the Macquarie Bank, of which \$13.5 million was drawn as at 30 June 2017. Refer to note 15 for further details.

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

(iv) **Share based payments**

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

38 Critical Accounting Estimates and Judgements

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

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

(a) Impairment

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

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the CGU by determining the value in use of each individual CGU.

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

(b) Provision for impairment of receivables

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

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

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

(d) Provision for make good

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

(e) Contingent consideration

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

(f) Loan funded share plan

Loan funded shares are assessed as substantively similar to options for the purposes of valuation as the loan is non-recourse and the shares are subject to vesting conditions. The fair value is calculated using a binomial model at grant date and require the use of assumptions which have been disclosed in note 33.

(g) Deferred taxes

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

(h) Provision for TFSA client remediation and costs

A provision has been made for anticipated costs of future client remediation and costs associated with the license conditions imposed on TFSA. In calculating the estimated provision, we have made several assumptions regarding client engagement, average detriment payable, legal, independent expert and consulting costs. The review and remediation program involves approximately 520 retail clients. Based on our experience with the clients contained in the initial phase of the project we have made an assumption on the number of clients that may potentially engage with TFSA and the average detriment payable. However this is subject to change. We have finalised the methodology to be undertaken in order to assess the quantum of client detriment and in addition, we have reached a settlement with our Professional Indemnity insurer to contribute to client payments and associated costs.

Directors' Declaration

1. In the opinion of the Directors of CountPlus Limited:
 - a. The consolidated financial statements and notes of CountPlus Limited are in accordance with the *Corporations Act 2001*, including
 - i Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and.
 - b. There are reasonable grounds to believe that CountPlus Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.
3. Note 37 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

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

A handwritten signature in black ink, appearing to read 'Ray Kellerman', with a long horizontal line extending to the right.

Ray Kellerman
Chairman
Sydney
28 September 2017

Independent Auditor's Report to the members of CountPlus Limited



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Independent Auditor's Report To the Members of Countplus Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Countplus 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 consolidated financial report of Countplus Limited 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 *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.

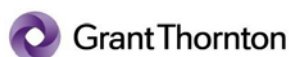
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report to the members of CountPlus Limited



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial report of the current period. These matters were addressed in the context of our audit of the consolidated 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
Provision for remediation programme (Notes 3, 17, 25 and 38) <p>As a consequence of additional licence conditions imposed by ASIC on one of the Group's subsidiaries, Total Financial Solutions Australia Limited ("TFSA"), a review of financial product advice provided by one of TFSA's authorised representatives was performed. Following this review it was identified that a remediation program involving approximately 520 retail clients was required.</p> <p>The Group has expensed \$1,187,000 during the year ended 30 June 2017 in connection with the remediation program, has recognised a provision of \$882,000 at 30 June 2017, and has disclosed a contingent liability.</p> <p>AASB 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i> sets out the specific requirements of when to recognise a provision and when to disclose a contingent liability.</p> <p>This area is a key audit matter due to subjectivity and management judgement applied in determining the total costs associated with the remediation program, the estimated number of clients that may potentially engage with TFSA, and the average detriment payable.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Assessing management's estimate of the total cost of the remediation program, and testing a sample of cost items to supporting documentation; Agreeing the settlement from TFSA's professional indemnity insurer to supporting documentation; Testing the mathematical accuracy of management's estimate of the total detriment; Assessing the appropriateness of the methodology applied in calculating the estimate of total detriment and the assumptions used; Evaluating the competence, capability and objectivity of the independent expert, and understanding the scope of their engagement. In addition we held discussions with them regarding the status of the remediation program and the detriment calculation methodology; Evaluating the accounting for the remediation program against the requirements of AASB 137; and Assessing the adequacy of financial report disclosures.
Trade receivables and work in progress (Notes 6 and 8) <p>The Group had trade receivables of \$12,465,000 at 30 June 2017, against which a provision for impairment of \$1,167,000 has been recognised. The Group had work in progress of \$4,917,000 at 30 June 2017, against which a provision for impairment of \$555,000 has been recognised.</p> <p>This area is a key audit matter due to the fact that there is significant management judgment in estimating the appropriate level of any provision for impairment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Challenging management's assumptions regarding the level of provisioning against the ageing of trade receivables and work in progress, along with evaluating the consistency and appropriateness of provisioning, with reference to subsequent cash received in respect of trade receivables and subsequent invoicing in respect of work in progress; Critically assessing the recoverability of overdue trade receivables, including those which have been and have not been provided against; and Assessing the adequacy of financial report disclosures.

Independent Auditor's Report to the members of CountPlus Limited



Key audit matter	How our audit addressed the key audit matter
<p>Recoverable amount of intangible assets (Note 12)</p> <p>As at 30 June 2017, the Group's intangible assets of \$44,994,000 consist of goodwill, acquired client relationships/advisor networks, brands, IT software and other intangible assets. An impairment expense of \$4,230,000 has been recognised during the year.</p> <p>AASB 136: <i>Impairment of Assets</i> requires that, for the purposes of impairment testing, goodwill acquired in a business combination be allocated to each of the Group's cash-generating units ("CGUs"). Each CGU to which goodwill has been allocated must be tested for impairment annually.</p> <p>Management has assessed that the group has 17 CGUs, and has allocated the goodwill and other intangible assets to these CGUs.</p> <p>Management has tested the CGUs for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were determined using value-in-use models.</p> <p>We have determined this is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Enquiring with management to obtain and document an understanding of their processes and controls related to the assessment of impairment, including identification of CGUs and the calculation of the recoverable amount for each CGU; • Evaluating the value-in-use models against the requirements of AASB 136, including consultation with our valuations experts; • Obtaining management's value-in-use calculations to: <ul style="list-style-type: none"> – Test the mathematical accuracy; – Evaluate management's ability to perform accurate estimates by comparing historical forecasting to actual results; – Test forecast cash inflows and outflows to be derived by the CGUs' assets; and – Agree discount rates applied to forecast future cash flows; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and • Assessing the adequacy of financial report disclosures.

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 in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the 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.

Independent Auditor's Report to the members of CountPlus Limited

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 25 to 30 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Countplus 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 AUDIT PTY LTD
Chartered Accountants



C F Farley
Partner - Audit & Assurance

Sydney, 28 September 2017

ASX Additional Information

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

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of shares as at 14 September 2017 are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	453	281,401
1,001 – 5,000	916	2,566,974
5,001 – 10,000	461	3,675,403
10,001 – 100,000	829	25,209,548
100,001 – and over	118	82,489,233
Total	2,777	114,222,559

Holding less than a marketable parcel – 323 holders.

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 14 September 2017 are:

	Listed Ordinary Shares – Fully Paid	
	Number	Percentage
1. COUNT FINANCIAL LIMITED	40,945,747	35.85%
2. MR BARRY MARTIN LAMBERT	4,064,729	3.56%
3. PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE TST A/C>	3,813,807	3.34%
4. CITICORP NOMINEES PTY LIMITED	2,499,791	2.19%
5. SANTOS L HELPER PTY LTD <SBS VAN PAASSEN A/C>	2,100,000	1.84%
6. MRS JOY WILMA LILLIAN LAMBERT	1,333,333	1.17%
7. AVANTEOS INVESTMENTS LIMITED <6619047 JONATHAN A/C>	1,162,528	1.02%
8. MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	1,000,000	0.88%
9. HARVEY INVESTMENT COMPANY PTY LTD <SEASTAR INVESTMENT A/C>	835,561	0.73%
10. MR MICHAEL ALLAN BEDDOES <BEDDOES PRACTICE A/C>	800,000	0.70%
11. MR JOSEPH ZANCA + MRS SZERENKE ZANCA <ZANACORP SUPER FUND A/C>	645,000	0.56%
12. ROWE HEANEY SUPER FUND PTY LTD <ROWE HEANEY SUPER FUND A/C>	563,048	0.49%
13. MR JOHN WILLIAM OFFICER + MRS JENNIFER CATHERINE OFFICER <OFFICER SUPER FUND A/C>	535,199	0.47%
14. SUPERGENERATION PTY LTD <SUPERGENERATION A/C>	533,600	0.47%
15. BOYRACER PTY LTD <DELAYED GRATIFICATION A/C>	500,000	0.44%
16. CAFRED PTY LIMITED <NO 97 SUPER A/C>	445,000	0.39%
17. ZANACORP FINANCIAL GROUP PTY LTD	417,500	0.37%
18. CENCOLL PTY LTD <JM WHOLESALE FAMILY A/C>	400,000	0.35%
19. TRIPIT PTY LTD <PETER HEATHER WELLS S/F A/C>	398,590	0.35%
20. BARTLETT INVESTMENT HOLDINGS	352,805	0.31%
Totals: Top 20 holders of ISSUED CAPITAL (TOTAL)	63,346,238	55.46%

(c) Substantial Shareholders

As at 14 September 2017, the substantial shareholder is:

	Listed Ordinary Shares – Fully Paid	
	Number	Percentage
Ordinary shareholders		
COUNT FINANCIAL LIMITED	40,945,747	35.85%

Investors' Information

Share Trading

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

Shareholders' Enquiries

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

Computershare Investor Services Pty Ltd

Address	Level 4 60 Carrington Street Sydney NSW 2000
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Voting Rights

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



