

# **Evans Dixon Pty Limited**

**ACN 609 913 457**

**Annual Report - 30 June 2017**

**Evans Dixon Pty Limited**  
**Contents**  
**30 June 2017**

Directors' report	2
Auditor's independence declaration	4
Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	31
Independent auditor's report	32

**Evans Dixon Pty Limited**  
**Directors' report**  
**30 June 2017**

**Introduction**

The directors of Evans Dixon Pty Limited (formerly Laver Place Pty Limited) (the "Company") submit herewith the annual report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the "Group") for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Directors**

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

David Evans (Executive Chairman, commenced 1 February 2017)

Patrick Broughton (Deputy Chairman)

Christopher Brown

Parrish Davis (commenced 1 February 2017)

Alan Dixon

Paul Ryan (commenced 1 February 2017)

**Company Secretary**

Simon Barnett held the position of Company Secretary during the financial year and up to the date of this report. Tristan O'Connell also held the position of Company Secretary from 24 January 2017 up to the date of this report.

**Principal activities and changes to nature of activities**

The principal activities of the Group during the financial year were the provision of financial advice, investment advice, legal services, stockbroking services, property advisory services, property architecture, design and construction management, self-managed superannuation fund administration on behalf of clients, the management of investment companies and managed investment schemes, Responsible Entity services to managed investment schemes and advice to corporations on equity and debt capital market transactions.

Other than stockbroking services, there has been no significant change in the nature of this activity during the year.

**Review and results of operations**

The consolidated profit of the Group after providing for income tax amounted to \$17,732,548 (2016: \$20,353,984).

**Dividends**

No dividends were paid to shareholders during the year (2016: \$25,125,000).

**Significant changes in the state of affairs**

The company commenced the financial year named Laver Place Pty Limited whose sole business was being the 100% owner of the Dixon Advisory Group. During the year, the Directors agreed to a friendly merger with Evans and Partners.

This merger was implemented by changing the name of the company to Evans Dixon Pty Limited and then acquiring 100% of the issued shares in Evans and Partners Pty Limited (and its subsidiary EAP Employee Investments Pty Limited), in exchange for newly issued, fully paid ordinary shares in Evans Dixon Pty Limited on 1 February 2017.

As part of the friendly merger, David Evans, Paul Ryan and Parrish Davis joined the board of Evans Dixon Pty Limited. Further, David Evans was elected Executive Chairman, with Patrick Broughton taking the role of Deputy Chairman.

This transaction has been accounted for under AASB3 '*Business Combinations*' and accordingly, the financial statements for the year ended 30 June 2017 includes the financial results of Evans and Partners Pty Limited from the date of acquisition, 1 February 2017. As such, users of these financial statements should be aware of this part year addition of the Evans and Partners results.

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

**Matters subsequent to reporting period**

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

**Indemnification of officers and auditors**

During the financial year, the Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them, to the extent permitted by the Corporations Act 2001, in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company or a controlled entity, other than conduct involving a wilful breach of duty in relation to the Company or a controlled entity.

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

**Environmental regulation**

The Directors are satisfied that adequate systems are in place for management of the Group's environmental responsibility and compliance with various requirements and regulations. The Directors are not aware of any material breaches to these requirements, and to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.


**Auditor's independence declaration**

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

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

On behalf of the Directors,

Director:   
.....  
David Evans

Director:   
.....  
Alan Dixon

Dated: 26<sup>th</sup> October 2017

The Board of Directors  
Evans Dixon Pty Limited  
Level 15, 100 Pacific Highway  
NORTH SYDNEY NSW 2060

26 October 2017

Dear Board Members

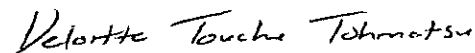
**Evans Dixon Pty Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Evans Dixon Pty Limited.

As lead audit partner for the audit of the financial statements of Evans Dixon Pty Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants

**Evans Dixon Pty Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2017**

	<b>Note</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Revenue</b>			
Provision of services	4	217,708,404	169,945,022
Interest received		274,881	369,751
Share of profits of jointly controlled entities		1,152,985	152,963
Other income		3,191,973	3,312,025
<b>Total revenue</b>		<b>222,328,243</b>	<b>173,779,761</b>
<b>Expenses</b>			
Property design, renovation and maintenance expense	4	(51,227,315)	(55,884,807)
Employee benefits expense	4	(89,650,014)	(49,524,367)
Administrative expense		(10,607,592)	(9,736,736)
Occupancy expense		(7,176,049)	(4,432,421)
Advertising expense		(3,649,167)	(3,082,715)
Depreciation and amortisation expense		(4,264,964)	(2,917,813)
Information technology expense		(4,667,984)	(1,656,762)
Travel and accommodation expense		(1,861,857)	(1,236,434)
Finance costs	5	(3,925,888)	(1,313,752)
Other expenses		(16,809,050)	(8,050,674)
Business acquisition expenses		(2,143,154)	-
Corporate reorganisation expenses		-	(2,059,654)
<b>Total expenses</b>		<b>(195,983,034)</b>	<b>(139,896,135)</b>
<b>Profit before income tax expense</b>		<b>26,345,209</b>	<b>33,883,626</b>
Income tax expense		(8,612,661)	(13,529,642)
<b>Profit for the year</b>		<b>17,732,548</b>	<b>20,353,984</b>
<b>Other comprehensive income / (loss), net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(573,505)	720,538
Effective portion of changes in fair value of cash flow hedge	5	510,198	(935,262)
Other comprehensive (loss) / income for the year, net of income tax		(63,307)	(214,724)
<b>Total comprehensive income for the year</b>		<b>17,669,241</b>	<b>20,139,260</b>

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

**Evans Dixon Pty Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2017**

	<b>Note</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	33,543,081	15,927,975
Trade and other receivables	8	19,962,549	11,073,109
Financial assets	9	-	2,512,500
Inventories	10	177,704	203,059
Prepayments		1,691,806	2,180,079
Total current assets		<u>55,375,140</u>	<u>31,896,722</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	11	5,798,507	2,840,042
Financial assets	9	882,983	833,848
Property, plant and equipment	13	17,152,442	14,018,315
Intangible assets	14	108,935,107	2,387,627
Investment property	15	1,588,550	1,588,550
Deferred tax assets	27	-	1,899,733
Deposits		2,286,230	847,711
Total non-current assets		<u>136,643,819</u>	<u>24,415,826</u>
<b>Total assets</b>		<u>192,018,959</u>	<u>56,312,548</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	13,183,560	15,247,819
Borrowings	17	5,326,480	3,171,022
Current tax liabilities		689,044	1,867,279
Deferred revenue		12,124,384	12,274,619
Provisions	18	25,233,868	7,325,467
Other current liabilities	19	502,118	-
Derivative financial liability		285,523	367,685
Total current liabilities		<u>57,344,977</u>	<u>40,253,891</u>
<b>Non-current liabilities</b>			
Borrowings	17	61,288,384	71,280,039
Provisions	18	4,922,928	3,307,446
Other non-current liabilities	19	2,878,279	-
Derivative financial liability		139,541	567,576
Deferred tax liabilities	27	6,372,013	-
Total non-current liabilities		<u>75,601,145</u>	<u>75,155,061</u>
<b>Total liabilities</b>		<u>132,946,122</u>	<u>115,408,952</u>
<b>Net assets / (liabilities)</b>		<u>59,072,837</u>	<u>(59,096,404)</u>
<b>Equity</b>			
Issued capital	20	162,709,500	62,209,500
Cash flow hedge reserve	21	(425,064)	(935,262)
Reorganisation reserve	22	(135,098,583)	(135,098,583)
Foreign currency translation reserve	23	2,459,979	3,033,484
Retained profits		29,427,005	11,694,457
<b>Total equity / (deficiency)</b>		<u>59,072,837</u>	<u>(59,096,404)</u>

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

**Evans Dixon Pty Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2017**

	Issued capital \$	Cash flow hedge reserve \$	Foreign currency translation reserve \$	Reorganisation reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2015	7,510,917	-	2,312,946	-	16,465,473	26,289,336
Profit after income tax expense for the year	-	-	-	-	20,353,984	20,353,984
Other comprehensive income / (loss) for the year, net of tax	-	(935,262)	720,538	-	-	(214,724)
Total comprehensive income/(loss) for the year	-	(935,262)	720,538	-	20,353,984	20,139,260
<i>Transactions with owners in their capacity as owners:</i>						
Corporate restructure	135,098,583	-	-	(135,098,583)	-	-
Capital distributions paid	(80,400,000)	-	-	-	-	(80,400,000)
Dividends paid	-	-	-	-	(25,125,000)	(25,125,000)
Balance at 30 June 2016	<u>62,209,500</u>	<u>(935,262)</u>	<u>3,033,484</u>	<u>(135,098,583)</u>	<u>11,694,457</u>	<u>(59,096,404)</u>

	Issued capital \$	Cash flow hedge reserve \$	Foreign currency translation reserve \$	Reorganisation reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2016	62,209,500	(935,262)	3,033,484	(135,098,583)	11,694,457	(59,096,404)
Profit after income tax expense for the year	-	-	-	-	17,732,548	17,732,548
Other comprehensive income / (loss) for the year, net of tax	-	510,198	(573,505)	-	-	(63,307)
Total comprehensive income/(loss) for the year	-	510,198	(573,505)	-	-	(63,307)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares	100,500,000	-	-	-	-	100,500,000
Balance at 30 June 2017	<u>162,709,500</u>	<u>(425,064)</u>	<u>2,459,979</u>	<u>(135,098,583)</u>	<u>29,427,005</u>	<u>59,072,837</u>

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



**Evans Dixon Pty Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		227,893,305	187,555,187
Payments to suppliers and employees		(186,425,997)	(144,022,538)
Interest received		305,690	369,751
Interest paid		(3,574,398)	(1,104,758)
Income and other taxes paid		(17,742,384)	(14,135,710)
<b>Net cash generated by operating activities</b>	<b>28</b>	<b>20,456,216</b>	<b>28,661,932</b>
<b>Cash flows from investing activities</b>			
Cash acquired on purchase of subsidiaries		13,166,556	-
Payments for investments in jointly controlled entities		(1,855,134)	(1,600,000)
Purchase of property, plant and equipment		(3,470,760)	(4,447,742)
Proceeds from sale of property, plant and equipment		8,323	-
Purchase of intangible assets		(1,532,411)	(1,391,446)
Purchase of financial assets		(45,005,990)	(2,806,012)
Proceeds from sale of financial assets		47,367,223	-
Dividends received		175,000	-
Proceeds from / (repayments of) related party loans		806,083	(337,397)
<b>Net cash generated by / (used in) investing activities</b>		<b>9,658,890</b>	<b>(10,582,597)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	100,000,000
Repayment of borrowings		(13,000,000)	(24,250,000)
Payment of transaction costs related to borrowings		-	(1,644,413)
Dividends paid		-	(25,125,000)
Capital distributions paid		-	(80,400,000)
Issue of share capital		500,000	-
<b>Net cash (used in) financing activities</b>		<b>(12,500,000)</b>	<b>(31,419,413)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>17,615,106</b>	<b>(13,340,078)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>15,927,975</b>	<b>29,268,053</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7</b>	<b>33,543,081</b>	<b>15,927,975</b>

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

## 1. General information

Evans Dixon Pty Limited is a proprietary company incorporated in Australia. The financial statements comprise the consolidated financial statements and notes of Evans Dixon Pty Limited (the "Company") and its controlled entities (collectively referred to as the "Group").

The principal activities of the Group during the financial year were the provision of financial advice, investment advice, legal services, stockbroking services, property advisory services, property architecture, design and construction management, self-managed superannuation fund administration on behalf of clients, the management of investment companies and managed investment schemes, Responsible Entity services to managed investment schemes and advice to corporations on equity and debt capital market transactions.

## 2. Significant accounting policies

### Financial reporting framework

The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001. For the purposes of preparing consolidated financial statements, the Group is a for-profit entity.

The financial statements were authorised by the directors for issue on 26<sup>th</sup> October 2017.

### Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 '*Presentation of Financial Statements*', AASB 107 '*Statement of Cash Flows*', AASB 108 '*Accounting Policies, Changes in Accounting Estimates and Errors*', AASB 1054 '*Australian Additional Disclosures*' and AASB 1057 '*Application of Australian Accounting Standards*'.

### Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The principal accounting policies of the Group are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests having a deficit balance.

## 2. Significant accounting policies (continued)

### Basis of consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *'Income Taxes'* and AASB 119 *'Employee Benefits'* respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *'Share-based Payments'* at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *'Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 *'Financial Instruments: Recognition and Measurement'*, or AASB 137 *'Provisions, Contingent Liabilities and Contingent Assets'*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## 2. Significant accounting policies (continued)

### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see "Business combinations" above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Foreign currency

#### i. Translation of foreign currency translations

The functional and presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are translated at the rate of exchange ruling at the Statement of Financial Position date.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise. Differences arising on a monetary item forming part of the net investment in a foreign operation are taken to the foreign currency translation reserve on consolidation.

#### ii. Translation of financial reports of foreign operations

The functional currency of some of the Company's subsidiaries is US dollars. As at the reporting date, the assets and liabilities of those entities are translated into Australian dollars at the rate of exchange ruling at the Statement of Financial Position date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

### Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative period is the year from 1 July 2015 to 30 June 2016.

### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

## 2. Significant accounting policies (continued)

### Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *'Impairment of Assets'* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When the Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. The assets; residual values and useful lives are reviewed and adjusted if required at each balance date with the effect of any changes in estimate accounted for on a prospective basis.

#### i. Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

#### ii. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on either a straight-line basis or diminishing value over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are generally:

Furniture & equipment	2% - 25%
Motor vehicles	19% - 25%
Computer equipment	25% - 40%
Leasehold improvements	14% - 20%

The assets' residual values and useful lives are reviewed and adjusted if required at each balance date, with the effect of any changes in estimate accounted for on a prospective basis.

## 2. Significant accounting policies (continued)

### Intangible assets

#### i. Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### ii. Customer relationships

Customer relationships are the assessed value of the supply of services that exist at the date of acquisition. In valuing customer relationships, consideration is given to historic customer retention and decay statistics, projected future cash flows and appropriate capital charges.

Customer relationships are amortised over a period of 12 years. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### iii. Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation rate used for intangible assets is:

Computer software	25%
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### Impairment of assets

The directors of the Group assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit or loss.

Goodwill and other assets that have an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 *'Impairment of Assets'*. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may be impaired.

For the purposes of impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash generating units).

### Investment property

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses, arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

## 2. Significant accounting policies (continued)

### Financial instruments

#### i. Non derivative financial assets

All financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables, cash and cash equivalents and financial assets at fair value through profit or loss.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### ii. Financial assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the Other income line item.

Listed shares held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as FVTPL financial assets and stated at fair value because the directors consider that fair value can be reliably measured.

#### iii. Non derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables, and borrowings.

Trade and other payables are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method

Borrowings and loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

## 2. Significant accounting policies (continued)

### Financial instruments (continued)

#### iv. Derivative financial instruments

The Group enters into derivative financial instruments in the form of interest rate swap agreements, which are used to convert the variable interest rate of its borrowings to fixed interest rates. For the purposes of hedge accounting, these hedges are cash flow hedges. The swaps are entered into with the objective of reducing the risk associated with interest rate fluctuations. Derivative financial instruments are stated at fair value.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any inefficient portion is considered a finance cost and is recognised in profit or loss in the statement of profit or loss and other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income and presented in the cash flow hedge reserve in equity remains there until the forecast transaction affects profit or loss, at which point it is transferred to profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The Group manages its financial derivatives (interest rate swaps) to ensure they meet the requirements of a cash flow hedge.

### Employee benefits

#### Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Taxation

On 1 February 2017, Evans and Partners Pty Limited (and its consolidated entities) joined the Evans Dixon Pty Limited tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

#### i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.



## 2. Significant accounting policies (continued)

### Taxation (continued)

#### ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted.

#### iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

## **2. Significant accounting policies (continued)**

### **Provisions (continued)**

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **Revenue**

Revenue from the rendering of services is recognised upon delivery of the services to the customers. Prepaid amounts received in advance of the provision of services are recorded as a liability in the financial statements and are then recognised in profit and loss over the service period. Revenue from construction or refurbishment services are recognised upon billing based on services rendered. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

The Group recognises its right to carried interest entitlements or other corporate advisory fees only where a non-extinguishable right to receive the fee or benefit has been established and the amount can be reliably measured.

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **Working capital deficiency**

The statement of financial position reflects as at 30 June 2017 a working capital deficit of \$1,969,837 (2016 working capital deficit of \$8,357,169).

The directors have considered both the historical group profitability as well as forecast results and cash flows for FY 2018, and are satisfied that the Group will be able to meet its working capital requirements through the normal cyclical nature of receipts and payments arising from budgeted cash flows from operations.

## 2. Significant accounting policies (continued)

### New or amended Accounting Standards and Interpretations adopted

In the current year, the Group has applied a number of amendments to AASBs and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current year end.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- *AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'*
- *AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations'*
- *AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'*
- *AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'*
- *AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*
- *AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's financial statements.

### New and revised Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

#### *AASB 9 'Financial Instruments'*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

#### *AASB 15 'Revenue from Contracts with Customers', 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15*

This standard and amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

#### *AASB 16 'Leases'*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

#### *AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Group.

#### *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments from 1 July 2017 is not expected to have a material impact on the Group.

## 2. Significant accounting policies (continued)

### New and revised Accounting Standards in issue but not yet effective (continued)

*AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (AASB 10 & AASB 128), 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments from 1 July 2017 is not expected to have a material impact on the Group.

*AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Group.

*AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Group.

*AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments from 1 July 2017 is not expected to have a material impact on the Group.

*Interpretation 22 Foreign Currency Transactions and Advance Consideration*

This interpretation is applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Group.

*AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. The adoption of these amendments from 1 July 2018 is not expected to have a material impact on the Group.

*AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2019. The adoption of these amendments from 1 July 2019 is not expected to have a material impact on the Group.

## 3. Critical accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include goodwill and other intangible assets, fair value assessment of investment properties, derivative financial instruments, useful life assessment of property, plant and equipment and other intangible assets recognised, recovery of trade receivables and deferred tax assets recognised, and estimates inherent in employee entitlements and other provision calculations, including bonuses.

### i Goodwill and other intangible assets

The Group test annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets, total carrying value \$94,944,513, have suffered any impairment, in accordance with the accounting policy stated in Note 2.

Customer relationships, total carrying value \$10,038,889, are finite intangible assets and are amortised over their expected life. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

#### 4. Profit for the year from continuing operations

Profit for the year from continuing operations has been arrived at after (charging) crediting:

	2017 \$	2016 \$
<b>Revenue</b>		
Provision of services revenue	<u>217,708,404</u>	<u>169,945,022</u>

Provision of services revenue includes advice, administration and funds management services as well as construction, renovation and maintenance services.

	2017 \$	2016 \$
<b>Expenses</b>		
Property design, renovation and maintenance:		
Job sub-contract expense	(46,236,390)	(49,785,624)
Job materials expense	<u>(4,990,925)</u>	<u>(6,099,183)</u>
Total property design, renovation and maintenance expense	<u>(51,227,315)</u>	<u>(55,884,807)</u>

	2017 \$	2016 \$
Employee benefits expense:		
Post employment benefits	(3,941,389)	(2,394,207)
Employer related taxes	(6,883,220)	(4,384,810)
Other employee benefits	<u>(78,825,405)</u>	<u>(42,745,350)</u>
Total employee benefits expense	<u>(89,650,014)</u>	<u>(49,524,367)</u>

#### 5. Finance expense

Recognised directly in profit or loss:

	2017 \$	2016 \$
Interest expense on financial liabilities measured at amortised cost	3,177,486	1,189,985
Interest expense on cash flow hedge	360,283	28,293
Other finance costs - including facility line fees and amortisation of loan establishment costs	<u>388,119</u>	<u>95,474</u>
Finance expense recognised directly in profit or loss	<u>3,925,888</u>	<u>1,313,752</u>

Recognised in other comprehensive loss:

	2017 \$	2016 \$
Net loss on cash flow hedge for the year:		
- Realised losses transferred to profit or loss	(360,283)	(28,293)
- Unrealised losses on cash flow hedge	<u>870,481</u>	<u>963,555</u>
Finance expense recognised in other comprehensive loss	<u>510,198</u>	<u>935,262</u>

**Evans Dixon Pty Limited**  
**Notes to the consolidated financial statements**  
**30 June 2017**

**6. Remuneration of auditor**

The auditor of the Evans Dixon Pty Limited Group is Deloitte Touche Tomatsu. The auditor of Evans and Partners Pty Limited, a subsidiary in the Group, is Pitcher Partners. During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu and Pitcher Partners:

	2017 \$	2016 \$
<b>Deloitte Touche Tohmatsu</b>		
<i>Audit services:</i> Audit of the Group financial statements	155,000	127,600
Audit of the subsidiaries' financial statements	49,000	-
<i>Other services:</i> Taxation services, acquisition due diligence services and corporate services, including acting as Investigating Accountant	523,879	138,037
<b>Deloitte Tax LLP</b>		
<i>Other services:</i> Taxation services	130,109	89,259
<b>Other audit practices – Pitcher Partners</b>		
<i>Audit services:</i> Audit of Group subsidiaries' financial statements	54,350	-
<i>Other services:</i> Other regulatory audit and assurance services	10,000	-
<b>Other audit practices – DFK Laurence Varney</b>		
<i>Audit services:</i> Audit of Group subsidiaries' financial statements	-	35,000
	<u>922,338</u>	<u>389,896</u>

**7. Current assets - cash and cash equivalents**

	2017 \$	2016 \$
Cash on hand	5,860	2,451
Cash at bank	33,537,221	15,925,524
	<u>33,543,081</u>	<u>15,927,975</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**8. Current assets - trade and other receivables**

	2017 \$	2016 \$
Trade receivables	19,129,772	6,909,839
Allowance for doubtful debts	(4,662)	(6,333)
Other receivables	837,439	4,169,603
	<u>19,962,549</u>	<u>11,073,109</u>

**Evans Dixon Pty Limited**  
**Notes to the consolidated financial statements**  
**30 June 2017**

**9. Current and non-current assets - financial assets**

	2017 \$	2016 \$
<b>Current:</b>		
Available for sale financial assets:		
Listed financial securities	<u>-</u>	<u>2,512,500</u>
<b>Non-current:</b>		
Available for sale financial assets:		
Shares in unlisted and listed corporations at fair value	<u>882,983</u>	<u>833,848</u>

Available for sale financial assets comprise of investments in the ordinary issued capital of various unlisted entities as well as listed financial securities.

**10. Current assets - inventories**

	2017 \$	2016 \$
Appliances and building materials - at cost	177,704	203,059

**11. Non-current assets – investments accounted for using the equity method**

	2017 \$	2016 \$
Investments in associates	3,943,373	2,840,042
Investments in jointly controlled entities	1,855,134	-
	<u>5,798,507</u>	<u>2,840,042</u>

## 12. Controlled entities

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
<b>Ultimate parent entity:</b>			
Evans Dixon Pty Limited	Australia	100%	100%
<b>Subsidiaries of ultimate parent entity:</b>			
Dixon Advisory Group Pty Limited	Australia	100%	100%
Dixon Advisory & Superannuation Services Limited	Australia	100%	100%
Dixon Private Investments Pty Limited	Australia	100%	100%
Dixon Advisory Property Pty Limited	Australia	100%	100%
Dixon Advisory Super Pty Limited	Australia	100%	100%
Dixon Advisory USA Inc	USA	100%	100%
Walsh & Company Investments Limited	Australia	100%	100%
Walsh & Company Asset Management Pty Limited	Australia	100%	100%
Walsh & Company Group Pty Limited	Australia	100%	100%
Dixon Projects LLC	USA	100%	100%
Dixon Asset Management USA Inc	USA	100%	100%
Walker Street Partners Pty Limited	Australia	100%	100%
DGP Inc	USA	100%	100%
US Select Private Opportunities Fund GP LLC	USA	100%	100%
Australian Fund Accounting Services Pty Limited	Australia	100%	100%
Walsh & Company Investment Services Pty Limited	Australia	100%	100%
Dixon International Investments Pty Limited	Australia	100%	100%
URF Investment Management Pty Limited	Australia	100%	100%
Dixon Realty Advisory LLC	USA	100%	100%
New Energy Solar Manager Pty Limited	Australia	100%	100%
Laver Place Sub Pty Limited	Australia	100%	100%
Dixon Leasing Property Management LLC	USA	100%	-
Dixon Realty Advisory New York LLC	USA	100%	-
Evans and Partners Pty Limited	Australia	100%	-
EAP Employee Investments Pty Limited	Australia	100%	-
Evans and Partners Employee Share Trust	Australia	-	-

Although the Group does not hold any ownership in Evans and Partners Employee Share Trust, those that control the Group control this entity to facilitate the operations of the Group. As such the entity is deemed to be de facto agent of the Group and is consolidated.



13. Non-current assets – Property, plant and equipment

	2017 \$	2016 \$
<i>Carrying amounts of</i>		
Furniture and equipment	5,442,300	4,175,055
Motor vehicles	67,118	165,762
Computer equipment	1,465,536	1,446,922
Leasehold improvements	10,177,488	8,230,576
	<u>17,152,442</u>	<u>14,018,315</u>

	Furniture and equipment \$	Motor vehicles \$	Computer equipment \$	Leasehold improvements \$	Total \$
Balance at 30 June 2016					
Cost	6,455,233	739,444	1,823,105	9,671,133	18,688,915
Accumulated depreciation and amortisation	(2,280,178)	(573,682)	(376,183)	(1,440,557)	(4,670,600)
Total	<u>4,175,055</u>	<u>165,762</u>	<u>1,446,922</u>	<u>8,230,576</u>	<u>14,018,315</u>
Balance at 30 June 2017					
Cost	9,085,569	624,543	2,784,073	13,233,164	25,727,349
Accumulated depreciation and amortisation	(3,643,269)	(557,425)	(1,318,537)	(3,055,676)	(8,574,907)
Total	<u>5,442,300</u>	<u>67,118</u>	<u>1,465,536</u>	<u>10,177,488</u>	<u>17,152,442</u>

14. Non-current assets – Intangible assets

	2017 \$	2016 \$
<i>Carrying amounts of</i>		
Computer software	3,951,705	2,287,777
Goodwill – Walsh & Company Investments Limited	99,850	99,850
Goodwill – Evans and Partners Pty Limited ("EAP")*	63,244,663	-
Intangibles recognised on acquisition - EAP brand*	31,600,000	-
Intangibles recognised on acquisition - EAP customer relationships*	10,038,889	-
Total	<u>108,935,107</u>	<u>2,387,627</u>

\*As at 30 June 2017, the purchase price allocation in respect of the Evans and Partners Pty Limited acquisition consideration has only been determined on a "provisional" basis in that the Goodwill recognised has not yet been allocated to different cash generating units (CGUs) within the Group that are expected to benefit from synergies resulting from the acquisition. The allocation to EAP brand and EAP customer relationships is also provisional. The provisional purchase price allocation exercise will be completed within twelve months following the 1 February 2017 acquisition.

14. Non-current assets – Intangible assets (continued)

	Computer software \$	Goodwill – Walsh & Company Investments Limited \$	Goodwill – Evans and Partners Pty Limited \$	Intangibles recognised on acquisition – brand \$	Intangibles recognised on acquisition – customer relationships \$	Total \$
Balance at 30 June 2016						
Cost	6,805,215	99,850	-	-	-	6,905,065
Accumulated amortisation	(4,517,438)	-	-	-	-	(4,517,438)
Total	<u>2,287,777</u>	<u>99,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,387,627</u>
Balance at 30 June 2017						
Cost	9,994,649	99,850	63,244,663	31,600,000	10,400,000	115,339,162
Accumulated amortisation	(6,042,944)	-	-	-	(361,111)	(6,404,055)
Total	<u>3,951,705</u>	<u>99,850</u>	<u>63,244,663</u>	<u>31,600,000</u>	<u>10,038,889</u>	<u>108,935,107</u>

Computer software is amortised over four years and customer relationships are amortised over twelve years.

15. Non-current assets – Investment property

	2017 \$	2016 \$
Investment property, at fair value	<u>1,588,550</u>	<u>1,588,550</u>

16. Current liabilities – Trade and other payables

	2017 \$	2016 \$
<b>Current:</b>		
Trade payables	3,596,593	4,045,207
Sundry payables and accrued expenditure	7,181,600	10,473,516
GST payable	1,323,639	505,319
Interest payable	93,354	113,521
Other related party payables	988,374	110,256
	<u>13,183,560</u>	<u>15,247,819</u>

**17. Current and non-current liabilities – Borrowings**

	2017 \$	2016 \$
<b>Current:</b>		
Borrowings – bank loan	5,700,000	3,500,000
Capitalised bank loan costs	<u>(373,520)</u>	<u>(328,978)</u>
	<u>5,326,480</u>	<u>3,171,022</u>
<b>Non-current:</b>		
Borrowings – bank loan	62,300,000	72,500,000
Capitalised bank loan costs	<u>(1,011,616)</u>	<u>(1,219,961)</u>
	<u>61,288,384</u>	<u>71,280,039</u>

Evans Dixon Pty Limited holds a revolving cash facility with Westpac Banking Corporation. As at 30 June 2017, the Group held a bank loan of \$68,000,000 (2016: \$76,000,000) under this facility. Total available funds under this facility as at 30 June 2017 was \$72,300,000 (2016: \$82,500,000). Interest and principal repayments on the loan are made in quarterly instalments. The termination date of the facility is five years from the date of the original agreement being 17 March 2021.

As at 30 June 2017, Westpac Banking Corporation had issued bank guarantees on behalf of the Group totalling \$2,171,012.

Westpac Banking Corporation holds a security interest over the assets and undertakings of the Group (other than those entities that hold AFSL licences which Westpac Banking Corporation has agreed to exclude) as security for the bank loan and bank guarantees. Total group assets secured against the bank loan and bank guarantees as at 30 June 2017 is \$192,018,959.

**18. Current and non-current liabilities – Provisions**

	2017 \$	2016 \$
<b>Current:</b>		
Employee benefits	<u>25,233,868</u>	<u>7,325,467</u>
<b>Non-current:</b>		
Employee benefits	1,389,347	2,050,570
Provision for make-good	852,088	638,163
Provision for rental smoothing	<u>2,681,493</u>	<u>618,713</u>
	<u>4,922,928</u>	<u>3,307,446</u>

**19. Current and non-current liabilities – Other**

	2017 \$	2016 \$
<b>Current:</b>		
Lease incentive liability	<u>502,118</u>	<u>-</u>
<b>Non-current:</b>		
Lease incentive liability	<u>2,878,279</u>	<u>-</u>

Evans Dixon Pty Limited  
Notes to the consolidated financial statements  
30 June 2017

**20. Equity – Issued capital**

	Number of shares	Share capital \$
Balance as at 1 July 2015	100,500,000	7,510,917
Capital distributions paid to shareholders	-	(80,400,000)
Corporate reorganisation (refer Note 21)	-	135,098,583
Balance as at 30 June 2016	100,500,000	62,209,500
Issue of shares – 16 September 2016	1,000,000	500,000
Issue of shares – 1 February 2017	56,599,689	100,000,000
Balance as at 30 June 2017	<u>158,099,689</u>	<u>162,709,500</u>

Fully paid ordinary shares carry one vote per share and carry a right to dividends. The previous shareholders of Evans and Partners Pty Limited received 442.75 shares in Evans Dixon Pty Limited for every share held in Evans and Partners Pty Limited as at date of acquisition (1 February 2017).

**21. Equity - Cash flow hedge reserve**

	2017 \$	2016 \$
Cash flow hedge reserve	<u>(425,064)</u>	<u>(935,262)</u>

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in the fair value of the interest rate swap held by Evans Dixon Pty Limited.

*Movements in cash flow hedge reserve*

Movements in the cash flow hedge reserve during the current and previous financial year is set out below:

	2017 \$	2016 \$
Balance at the beginning of the year	(935,262)	-
Unrealised gains (losses) on cash flow hedge	149,915	(963,555)
Realised losses transferred to profit or loss	360,283	28,293
Balance at the end of the year	<u>(425,064)</u>	<u>(935,262)</u>

**22. Equity – Reorganisation reserve**

	2017 \$	2016 \$
Reserve arising out of corporate reorganisation	<u>(135,098,583)</u>	<u>(135,098,583)</u>

The reorganisation reserve reflects the change in organisational structure when Evans Dixon Pty Limited (formerly Laver Place Pty Limited) became the parent entity of the Group on 18 March 2016.

## 23. Equity – Foreign currency translation reserve

	2017 \$	2016 \$
Foreign currency translation reserve	<u>2,459,979</u>	<u>3,033,484</u>

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### *Movements in foreign currency translation reserve*

Movements in the foreign currency translation reserve during the current and previous financial year are set out below:

	2017 \$	2016 \$
Balance at the beginning of the year	3,033,484	2,312,946
Exchange differences arising on translating the foreign operations	<u>(573,505)</u>	<u>720,538</u>
Balance at the end of the year	<u>2,459,979</u>	<u>3,033,484</u>

## 24. Parent entity information

Evans Dixon Pty Limited was incorporated on 18 December 2015 and became parent entity of the Group on 18 March 2016.

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

### *Summarised financial information*

	2017 \$	2016 \$
<i>Summarised statement of financial position</i>		
Current assets	41,888	8,936
Non-current assets	<u>328,009,601</u>	<u>223,185,995</u>
Total assets	<u>328,051,489</u>	<u>223,194,931</u>
Current liabilities	30,526,954	12,393,414
Non-current liabilities	<u>61,565,555</u>	<u>71,847,615</u>
Total liabilities	<u>92,092,509</u>	<u>84,241,029</u>
Net assets	<u>235,958,980</u>	<u>138,953,902</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Loss for the year, after income tax	(4,007,248)	(2,720,337)
Other comprehensive loss	<u>(510,198)</u>	<u>(935,262)</u>
Total comprehensive loss	<u>(4,517,446)</u>	<u>(3,655,599)</u>

The parent entity does not have any contingent liabilities or contractual commitments as at the end of the financial year (2016: nil). The parent entity has entered into guarantees as outlined in Note 17.

## 25. Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2017 \$	2016 \$
<i>Minimum lease payments payable</i>		
- Not later than 12 months	8,419,309	4,156,186
- Between 12 months and 5 years	35,718,874	20,872,935
- Greater than 5 years	16,572,989	10,119,320
<b>Total</b>	<b>60,711,172</b>	<b>35,148,441</b>

## 26. Acquisition of business

### Business acquired

On 1 February 2017, the Company acquired 100% of the ordinary shares of Evans and Partners Pty Limited (and its subsidiary EAP Employee Investments Pty Limited).

### Consideration transferred

The fair value of the consideration settled by way of issue of 56,599,689 Evans Dixon shares was determined to be \$100,000,000 (\$1.7668 per share).

### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed as at the date of acquisition.

	Fair value \$
Cash and cash equivalents	13,166,556
Trade and other receivables	3,883,161
Prepayments	449,775
Deposits	3,172,816
Investments	3
Property, plant and equipment	2,296,070
Intangible assets (software)	1,314,390
Intangible assets – customer relationships	10,400,000
Intangible assets - brand	31,600,000
Deferred tax assets	2,185,247
Trade and other payables	(7,175,902)
Provisions	(6,215,878)
Current tax liabilities	(554,778)
Borrowings	(5,000,000)
Other non-current liabilities	(651,374)
Deferred tax liabilities	(12,114,749)
<b>Net assets acquired</b>	<b>36,755,337</b>
<b>Goodwill</b>	<b>63,244,663</b>
<b>Acquisition-date fair value of total consideration transferred</b>	<b>100,000,000</b>

**27. Non current (liabilities) /assets - Deferred tax (liabilities) / assets**

	2017 \$	2016 \$
Temporary differences	(6,334,978)	1,882,797
Tax losses - capital	(37,035)	16,936
	<u>(6,372,013)</u>	<u>1,899,733</u>

**28. Cash flow information**

Reconciliation of profit for the year to net cash flows from operating activities:

	2017 \$	2016 \$
Profit after tax for the year	17,732,548	20,353,984
Non-cash flows in profit:		
Add: Depreciation and amortisation	4,264,964	2,917,813
Add: Loss on sale of assets	68,405	55,274
Add: Loss on movement of fair value of assets	83,056	-
Add: Amortisation of borrowing costs	388,119	95,474
Add: Unrealised foreign exchange	225,809	227,889
(Less): Share of profits of associate entities	(1,152,985)	(152,693)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(4,425,685)	6,840,061
(Increase) / decrease in prepayments	939,937	(485,375)
(Increase) / decrease in inventories	25,355	91,671
(Increase) / decrease in financial assets	-	(2,778,943)
(Increase) / decrease in deferred tax assets	(2,092,730)	2,776,758
(Increase) / decrease in deposits	1,592,694	(490)
Increase / (decrease) in trade and other payables	(1,700,032)	7,173,405
Increase / (decrease) in deferred revenue	(150,235)	616,898
Increase / (decrease) in current tax liabilities	(1,963,661)	(3,113,268)
Increase / (decrease) in provisions	6,608,155	(5,956,526)
Net cash generated by operating activities	<u>20,443,714</u>	<u>28,661,932</u>

**29. Contingent liabilities**

Westpac Banking Corporation holds a security interest over the assets and undertakings of the Group (other than those entities that hold AFSL licences which Westpac Banking Corporation has agreed to exclude) as security for the bank loan and bank guarantees. Total group assets secured against the bank loan and bank guarantees as at 30 June 2017 is \$192,018,959.

Citibank, N.A. has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of Level 28, 140 Broadway New York USA up to a limit of \$685,557 USD (\$891,259 AUD equivalent) as required under the terms of the lease of this premises.

Investors Bank has issued a standby letter of credit on behalf of Dixon Advisory USA Inc. in favour of the landlord of 1000 Plaza 2, Level 10, Jersey City NJ, USA up to a limit of \$130,611 USD (\$169,801 AUD equivalent) as required under the terms of the lease of this premises.

**30. Company details**

The registered office and principal place of business address of Evans Dixon Pty Limited is:

Suite 1502, 100 Pacific Highway  
North Sydney NSW 2060

**Evans Dixon Pty Limited**  
**Directors' declaration**  
**30 June 2017**

As detailed in Note 2 to the financial statements, the Group is not a reporting entity because in the opinion of the directors, there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

Accordingly, this special purpose financial report has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors of the Group declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

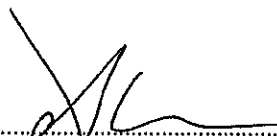
On behalf of the Directors

Director .....



David Evans

Director .....



Alan Dixon

Dated: 26<sup>th</sup> October 2017



## **Independent Auditor's Report to the members of Evans Dixon Pty Limited**

### *Opinion*

We have audited the financial report, being a special purpose financial report, of Evans Dixon Pty 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2, 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### *Other Information*

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of

the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has no realistic alternative but to do so.

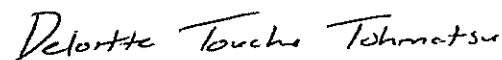
#### *Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 26 October 2017