

Directors	R Bucknell FCA <i>Chairman</i> I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP <i>Managing Director</i> F Khouri B Bus, FCPA, FTIA C Stone B Comm, LLB, LLM, CA, ACIS
Secretary	I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP
Notice of annual general meeting	The annual general meeting of Fiducian Portfolio Services Limited will be held at Level 4, 1 York Street, Sydney time 10:00:00 AM date Thursday, 23 October 2014
Principal registered office in Australia	Level 4 1 York Street Sydney NSW 2000 (02) 8298 4600
Wholly Owned Operating Entities	Fiducian Financial Services Pty Ltd Fiducian Business Services Pty Ltd
Share register	Computershare Investor Services Pty Limited Level 3 60 Carrington Street Sydney NSW 2000
Auditor	PricewaterhouseCoopers Chartered Accountants Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
Bankers	Westpac Banking Corporation 341 George Street Sydney NSW 2000 ANZ Banking Group 388 Collins Street Melbourne VIC 3000
Stock Exchange Listing	Fiducian Portfolio Services Limited (FPS) shares are listed on the Australian Securities Exchange.
Website address	www.fiducian.com.au

Fiducian Portfolio Services Limited

ACN 073 845 931

Directors' report

Your directors present their report on Fiducian Portfolio Services Limited (" the Company ") and on the consolidated entity (referred to hereafter as the Group) and its wholly owned operating entities throughout the year ended 30 June 2014.

Directors

The following persons were directors of Fiducian Portfolio Services Limited during the financial year and up to the date of this report :-

R Bucknell

I Singh

F Khouri

C Stone

Principal activities

During the year the principal continuing activities of the Group consisted of:

- (a) Operating an Investor Directed Portfolio Service and Managed Discretionary Account service through Fiducian Investment Service
- (b) Acting as the Trustee of Fiducian Superannuation Service
- (c) Acting as the Responsible Entity of Fiducian Funds;
- (d) Providing specialist financial planning services through its wholly owned operating entity, Fiducian Financial Services Pty Ltd
- (e) Providing accountancy resource services through its wholly owned operating entity, Fiducian Business Services Pty Ltd

Dividends - Fiducian Portfolio Services Limited

Dividends paid to members during the financial year were as follows:

	2014	2013
	\$'000	\$'000
Final ordinary fully franked dividend for the year ended 30 June 2013 of 3.60 cents (2012: Fully franked 2.50 cents) per share paid on 20 September 2013 .	1,131	794
Interim ordinary fully franked dividend for the year ended 30 June 2014 of 4.10 cents (2013: Fully franked 3.40 cents) per share paid on 26 March 2014.	<u>1,265</u>	<u>1,076</u>
Total dividends in respect of the year	<u><u>2,396</u></u>	<u><u>1,870</u></u>

In addition to the above dividends, since the end of the financial year, the directors have declared the payment of a final fully franked dividend for the year ended 30 June 2014 of 5.00 cents per ordinary share held at 5 September 2014 and payable on 19 September 2014.

Review of operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment Revenues		Segment Results	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Funds management and administration	18,584	18,257	4,022	4,843
Financial planning	10,392	7,715	2,065	(3)
Accountancy resource services	1,114	850	(12)	(77)
Intersegment sales	(7,217)	(4,716)	-	-
	<u>22,873</u>	<u>22,106</u>		
Profit from ordinary activities before income tax expense			<u>6,075</u>	<u>4,763</u>
Income tax expense			<u>(2,092)</u>	<u>(1,371)</u>
Net profit attributable to members of Fiducian Portfolio Services Limited			<u>3,983</u>	<u>3,392</u>

Comments on operations and results

Comments on the operations, business strategies, prospects and financial position are contained in the Joint Report of the Chairman and Managing Director.

Shareholder returns

The valuation of investment funds has improved substantially during the year and favourably impacted the management fees received by Fiducian, as more fully detailed in the Joint Report of the Chairman and Managing Director. This has enabled Fiducian to increase profit for the second half of the year and propose a dividend distribution of 5.00 cents per share, bringing the full year dividend to 9.10 cents per share.

Significant changes in the state of affairs

During the financial year the Group acquired an accounting practice and two financial planning practices and their portfolio of clients were transferred to the respective operating entities progressively during the financial year.

Contributed equity has reduced by \$ 907,932 (inclusive of transaction costs) as a result of the buy back of 774,532 shares on the stock exchange at an average price of \$1.17 per share during the year.

Other than this, there were no significant changes in the state of affairs of the Group during or since the financial year.

Matters subsequent to the end of the financial year.

Under the Rules of the Employee and Director Share Option Plan the Directors have offered 100,000 options to the Managing Director after year end (2013: 100,000). To the date of this report no (2013: 155,000) employee options have lapsed.

To the date of this report, the Company has not bought back any shares on the market (2013: 81,000 shares at an average price of \$1.03).

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

Likely developments and expected results of operations.

The Chairman and Managing Director have commented on expected results of operations in their Joint Report. Other than this, the directors have excluded further information on likely developments in the operations of the Group and the expected results of those operations in future financial years, since, in the opinion of the directors, it would prejudice the interests of the Group if this information was included.

Environmental regulation

The Group is not subject to significant environmental regulations under a Commonwealth, State or Territory law.

Employee Diversity

Fiducian is proud to be an equal opportunity employer. It endorses diversity and currently has a number of employees that bring different skill-sets from their country of origin. We recognise that diversity includes , but is not limited to gender, age, ethnicity and cultural backgrounds. Our diversity policy encourages persons of different sexes, ethnic backgrounds, ages and skills to participate and receive recognition, reward and authority commensurate with their performance. Employees are comprised of staff from over 21 countries of origin, 26% over 55 years, and 42% female with 31% in senior roles.

Key management personnel disclosures

(a) Directors

The following persons were directors of Fiducian Portfolio Services Limited during the financial year:

<i>Chairman (non-executive)</i>	R Bucknell
<i>Executive director</i>	I Singh - Managing Director
<i>Non-executive directors</i>	F Khouri
	C Stone

Key management personnel disclosures (continued)

(b) Information on directors

R E Bucknell FCA. Chairman - non executive.

Experience and expertise.

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 50 years as a Chartered Accountant .

Other current directorships.

None

Former directorships in the last 3 years.

None

Special responsibilities.

Chairman of the Group, member of the Remuneration, Internal Compliance Committees and Board Audit Committee.

Interest in shares and options.

800,000 ordinary shares in Fiducian Portfolio Services Limited.

I Singh CFP, BTEch, MComm (Bus), ASIA, ASFA, Dip. FP. Managing Director.

Experience and expertise.

Founder and Managing Director since inception in 1996. General Management and hands-on experience in the investment of savings and superannuation funds over the past 25 years.

Other current directorships.

None

Former directorships in the last 3 years.

None

Special responsibilities.

Managing Director, Member of Investment and Internal and External Compliance Committees.

Interest in shares and options.

10,162,512 ordinary shares in Fiducian Portfolio Services Limited.

140,000 options for ordinary shares in Fiducian Portfolio Services Limited

F G Khouri B Bus, FCPA, FTIA Independent non-executive director.

Experience and expertise.

Appointed to the Board 6 July 2007. Public accountant, registered company auditor, financial planner and business adviser since 1976 to small and medium enterprises, currently as a partner in the firm HG Khouri & Associates.

Other current directorships.

None

Former directorships in the last 3 years.

None

Special responsibilities.

Chairman of the Board Audit Committee and member of Remuneration Committee.

Interest in shares and options.

251,373 ordinary shares in Fiducian Portfolio Services Limited.

Key management personnel disclosures (continued)

(b) Information on directors (continued)

C H Stone B Comm/LLB, LLM, CA, ACIS Independent non-executive director.

Experience and expertise.

Appointed to the Board 3 March 2010. Practicing lawyer, holding senior legal and/or legal compliance roles in local and global financial services organisations, with 24 years experience. Currently Head of Compliance of State Street Australia Limited, and has 9 years experience as a Chartered Accountant in taxation and superannuation matters.

Other current directorships.

None

Former directorships in the last 3 years.

None

Special responsibilities.

Chairman of the Remuneration Committee and member of the Board Audit Committee and the Internal and External Compliance Committees.

Interest in shares and options.

23,700 ordinary shares in Fiducian Portfolio Services Limited.

(c) Company secretary

The company secretary is Mr I Singh CFP, M Comm. (Bus), ASIA, ASFA, Dip. FP. Mr Singh has been the company secretary since inception in 1996, and is supported by legal counsel employed by Fiducian.

(d) Meeting of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Full meetings of directors				Meetings of committees											
	Corporate		Trustee*		Audit		Internal Comp- liance		External Compliance & Risk Committee				Invest- ment		Remun- ration	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
R E Bucknell	12	12	12	12	5	5	2	2	***	***	***	***	***	***	1	1
I Singh	12	12	12	12	5	5	2	2	5	5	**	**	12	12	***	***
F Khouri	12	12	12	12	5	5	***	***	***	***	***	***	***	***	1	1
C Stone	12	12	11	12	5	5	2	2	5	5	5	5	***	***	1	1

A = Number of meetings attended.

B = Number of meetings held during the time the director held office or was a member of the committee during the year.

* = Meetings of the Board in its capacity as Trustee of the Fiducian Superannuation Service.

** = I Singh attended 5 of the 5 meetings held with the two independent members of the External Compliance & Risk Committee

*** = Not a member of the relevant committee at the time of meeting.

Key management personnel disclosures (continued)

(e) Other key management personnel

Mr I Singh as Managing Director of Fiducian Portfolio Services Limited, had authority for and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year ended 30 June 2014. This authority and responsibility is unchanged from the previous year.

(f) Remuneration report

The remuneration report is set out under the following main headings:

- A** Principles used to determine the nature and the amount of remuneration
- B** Details of remuneration
- C** Service agreements
- D** Share-based compensation
- E** Additional information

The information provided under headings A - D includes remuneration disclosures that are required under Australian Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the Director's report and have been audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

A - Principles used to determine the nature and the amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- o competitiveness and reasonableness
- o acceptability to shareholders
- o performance linkage / alignment of executive compensation
- o transparency
- o capital management.

(a) Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors are no longer entitled to options under the Employee and Director Share Option Plan.

Directors' fees

The current base remuneration was last reviewed in August 2013. The Chairman and other external directors are paid a fixed fee plus a fee based on time spent on committees and any other fee for additional time spent on matters as approved by the Board. Directors with earnings derived from business placed with the Group may also receive remuneration as financial planners. The Chairman's fixed fee is higher than other non-executive directors based on comparative roles, time and fees in the external market.

Key management personnel disclosures (continued)

A - Principles used to determine the nature and the amount of remuneration (continued)

(a) Non-executive directors (continued)

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at \$ 350,000 per annum and was approved by shareholders at the Annual General Meeting on 24 October 2007. No increase is being sought at the next Annual General Meeting.

Retirement allowance for directors

There are no retirement allowances for non-executive directors other than superannuation accumulation arising from any contributions made for them.

(b) Executive Director

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement. The Managing Director's agreement provides for the provision of performance based cash bonuses and, where eligible, participation in the Employee and Director Share Option Plan. Other major provisions of the agreement are set out below:

I Singh, Managing Director

- o Term of agreement - until 30 June 2017
- o Base salary, inclusive of superannuation and salary sacrifice benefits.
- o Death and TPD/Trauma cover.
- o Short term performance incentives.
- o Long term incentives through the Fiducian Portfolio Services Limited Employee and Director Share Option Plan, and
- o Retirement benefits.

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

An external remuneration consultant advises the Remuneration Committee, at least every 3 years, to ensure that the Group has structured an executive remuneration package that is market competitive and complimentary to the reward strategy of the organisation. Their most recent review was in August 2013.

Base salary

Mr Singh receives a base pay that comprises the fixed component of pay and the potential for rewards, which reflects the market value for his role. The base salary is reviewed annually by the Remuneration Committee at the commencement of each financial year.

There are no guaranteed base pay increases fixed in the executive's contract.

Benefits

Executive benefits include death cover of \$1 million and TPD/ Trauma insurance cover of \$0.2 million.

Key management personnel disclosures (continued)

A - Principles used to determine the nature and the amount of remuneration (continued)

(b) Executive Director (continued)

Short-term incentives

Mr Singh is entitled to a discretionary cash performance bonus of up to 20% of his total package as assessed by the Remuneration Committee against performance indicators and objectives set by the Board. It is limited to being met within the budget or out of over-budget financial performance. As in previous years Mr Singh has declined to accept the entitlement that was due for the financial year.

Long-term incentives

Mr Singh is entitled to a discretionary performance bonus of up to 100,000 options per year determined as at 30 June each year, based on the following measures:

- o the company's pre-tax profit *OR*
- o the 30 day average for June market value for ordinary shares in the company increasing by at least 15% over the previous year.

The options are issued under the company's ESOP at the rate of 5,000 options for each one percent increase in annual profit in excess of 15% or 5000 options for each one percent increase in the 30 day average for June market value for ordinary shares in the Company whichever is higher and only after approval by shareholders in the Company.

Retirement Benefits

Retirement benefits are delivered under the Fiducian Superannuation Service. This fund provides accumulation benefits based on the SGC contributions by the specified executive, on commercial terms and conditions. Other retirement benefits may be provided directly by the Group only if approved by the shareholders. Payment of a termination benefit on early termination by the Managing Director or by mutual consent is equal to 6 months of the gross annual remuneration.

B - Details of remuneration

The key management personnel of the Group were the following executive and non-executive directors during the year:

- o R Bucknell - *Chairman*
- o I Singh - *Managing Director & Company Secretary*
- o F Khouri - *Non-executive Director*
- o C Stone - *Non-executive Director*

Amounts of remuneration

Details of the remuneration of the key management personnel are set out in the following table :-

Key management personnel disclosures (continued)
B - Details of remuneration (continued)

Key management personnel of Fiducian Portfolio Services Limited and the Group

2014 Name	Short-term employee benefits			Post employment benefits		Share-based payment	Total \$
	Cash salary and fees (a) \$	Cash Bonus \$	Non - monetary benefits \$	Super-annuation \$	Retirement benefits is a	Options \$	
<i>Non-executive directors</i> ¹							
R E Bucknell ^{2&3} (Chairman)	164,850	-	-	-	-	-	164,850
F Khouri ⁴	61,760	-	-	4,966	-	-	66,726
C Stone	68,823	-	-	8,002	-	-	76,824
<i>Executive director</i>							
I Singh ⁵	449,667	-	15,318	17,775	-	18,981	501,741
Totals	745,099	-	15,318	30,743	-	18,981	810,141

(1) Non-executive directors fees have increased during the current year due to new APRA prudential standards and other requirements introduced from 1 July 2013.

(2) Excludes GST if paid to another firm.

(3) Including amounts paid to the director's company only in respect to director's duties.

(4) This excludes fees of \$ 209,142 for financial planning services paid to companies in which Mr Khouri has an interest in his capacity as a financial planner.

(5) Subject to shareholder approval 100,000 options will be issued to Mr I Singh in respect of 2014 financial year.

Key management personnel disclosures (continued)

B - Details of remuneration (continued)

2013	Short-term employee benefits			Post employment benefits		Share-based payment	Total \$
	Cash salary and fees (a) \$	Cash Bonus \$	Non - monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options \$	
<i>Non-executive directors</i>							
R E Bucknell ^{1&2} <i>(Chairman)</i>	137,700	-	-	-	-	-	137,700
F Khouri ^{3&4}	55,585	-	-	5,003	-	-	60,588
C Stone	52,746	-	-	4,739	-	-	57,485
<i>Executive director</i>							
I Singh ⁵	442,433	-	-	20,613	-	-	463,046
Totals	688,464	-	-	30,355	-	-	718,819

(1) Excludes GST if paid to another firm.

(2) Including amounts paid to the director's company only in respect to director's duties.

(3) This excludes fees of \$213,712 for financial planning services paid to companies in which Mr. Khouri has an interest.

(4) No Adviser Options were issued during the year to a company, in which Mr Khouri is a shareholder and director in his capacity as a financial planner.

(5) Subject to shareholder approval 100,000 options will be issued to Mr I Singh in respect of 2013 financial year.

C - Service Agreements and Induction Process

The service agreement of the Executive Director is detailed in paragraph A(b) earlier. There are no service agreements with non-executive directors or employees.

In preparation for appointment to the Board, all non-executive directors undergo an induction program and receive an induction pack of documents necessary for them to understand Fiducian's charters, policies, procedures, culture and ethical values to enable new directors to carry out their duties in an effective and efficient manner.

Key management personnel disclosures (continued)

D - Share-based compensation

(i) Option compensation and holdings

Options over shares in Fiducian Portfolio Services Limited are granted under the Employee and Director Share Option Plan, which was approved by shareholders on 28 July 2000. The Plan is described under Note 26.

The numbers of options for ordinary shares in the company held directly by directors of Fiducian Portfolio Services Limited and details of options for ordinary shares in the company provided as remuneration to the key management personnel of the Group, are set out below.

2014						
Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh	55,000	-	100,000	(15,000)	140,000	40,000

3,500 Adviser options, issued in prior years, held by an entity in which F Khouri has an interest have lapsed during the year.

2013						
Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh	155,000	-	-	(100,000)	55,000	55,000
F Khouri *	-	-	-	-	-	-

* 3,500 Adviser options, issued in prior years, are held by an entity in which F Khouri has an interest.

Note: The assessed fair value at grant date of options granted to the individuals is detailed in Note 26.

Key management personnel disclosures (continued)

D - Share-based compensation (continued)

(ii) Share holdings

The numbers of shares in the company held by current directors of Fiducian Portfolio Services Limited, including their personally related and associated entities, are set out below. No shares were granted during the period as compensation.

2014				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,113,012		49,500	10,162,512
R E Bucknell	900,000	-	(100,000)	800,000
F Khouri	226,373	-	25,000	251,373
C Stone	20,000	-	3,700	23,700

2013				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,012,415	-	100,597	10,113,012
R E Bucknell	900,000	-	-	900,000
F Khouri	226,373	-	-	226,373
C Stone	-	-	20,000	20,000

Shares provided on exercise of options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to a director of Fiducian Portfolio Services Limited and other key management personnel of the Group during the period (2013: Nil). No amounts are unpaid on any shares issued on the exercise of options.

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Other than a small increase of \$ 9,000 in August 2013, there has been no other increases in base salary of the Managing Director. Cash bonuses and entitlements have not been granted or paid in the past 5 financial years and the grant of options entitlements have been only in accordance with the incentive programs being 100,000 options in respect of the 2014 financial year (2013: 100,000 options).

Directors' superannuation

Directors have superannuation monies invested in Fiducian Superannuation Service. These monies are invested subject to the normal terms and conditions applying to this superannuation fund.

Loans to directors

No loans were made to directors during the financial year (2013: Nil).

Other transactions with key management personnel

A director, Mr R E Bucknell, is a director and shareholder of Hunter Place Services Pty Ltd, a company which provides his services as a director to the company.

A director, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd. Hawkesbury Financial Services Pty Ltd places business with and receives remuneration from the company for financial planning services. All transactions are on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Portfolio Services Limited :

	Consolidated	
	2014	2013
	\$	\$
Amounts recognised as an expense		
Directors' fees and committee fees	308,400	255,773
Financial planning remuneration paid and payable	209,142	213,712
	<u>517,542</u>	<u>469,485</u>

Shares under option

No option holder has any right under the options to participate in any other share issue of the company or any other entity until after the exercise of the option.

Shares issued on the exercise of options

The details of ordinary shares of Fiducian Portfolio Services Limited issued during the year ended 30 June 2014 on the exercise of options granted under the Fiducian Portfolio Services Limited Employee & Director Share Option Plan and the Adviser Share Option Plan are disclosed under Note 26 to the Financial Report.

Indemnification and insurance of officers

The Constitution of Fiducian Portfolio Services Limited provides the following indemnification of officers:

- (a) to indemnify officers of the company and related bodies corporate to the maximum extent permitted by law unless a liability arises out of conduct involving a lack of good faith. In the case of a related body corporate, the indemnification of officers does not extend to any proceedings for a liability incurred by the officer based upon events that occurred before that body corporate became a related body corporate.
- (b) to allow the company to pay a premium for a contract insuring directors, the secretary and executive officers of Fiducian Portfolio Services Limited and its related bodies corporate. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in the capacity as officers of the company or a related body corporate.

No liability has arisen under these indemnities as at the date of this report.

During the year Fiducian Portfolio Services Limited paid a premium under a combined policy of insurance for liability of officers of the company and related bodies corporate, professional indemnity and crime. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

The officers of the company covered by the insurance policy include the current and previous directors: R E Bucknell, I Singh, F Khouri, C Stone, other officers of Fiducian Portfolio Services Limited and independent members of the external Compliance and Investment Committees, J Evans, B Lacey and M Devlin.

Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important.

The board of directors is satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

Non-audit services (continued)

- o all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- o none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*.

The fees paid or payable for services provided during the year by the auditor (PricewaterhouseCoopers) of the parent entity, its related practices and non-related audit firms, are shown in Note 27 to the consolidated financial report.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



I Singh
Director

Sydney,
26 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of Fiducian Portfolio Services Limited for the year ended 30 June 2014, 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.

This declaration is in respect of Fiducian Portfolio Services Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Craig Stafford'.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
26 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Fiducian Portfolio Services Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.

A description of the company's main corporate governance practices is set out below. All these practices, were in place for the entire year and comply with the ASX *Good Corporate Principles and Recommendations read with the 2010 Amendments*, except where noted. The Board notes that the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition)* takes effect for a listed entity's first full financial year commencing on or after 1 July 2014.

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and to ensure that the Group is properly managed.

The responsibilities of the Board include:

- Contributing to the development and approval of corporate strategy, including setting performance objectives and approval levels for management.
- Reviewing and approving business plans, the annual budgets and financial matters, including available resources and major capital expenditure, acquisitions and divestiture initiatives.
- Monitoring corporate and organisational performance and the implementation of the Fiducian Group's strategies, policies and objectives, compliance with the Group's code of conduct and the progress of major capital expenditure and other significant corporate projects, including any acquisitions or divestments.
- Monitoring and reviewing management's existing processes aimed at ensuring the integrity of financial performance and other reporting, including the approval of annual and half yearly financial reports to shareholders and the Australian Securities Exchange (ASX) and liaison with the Group's auditors.
- Selecting, appointing and appraising the performance of, determining the remuneration of, and if necessary determining the removal of, the Managing Director, and ensuring there are adequate plans and procedures in place for succession planning.
- Reviewing procedures for the appointment and /or removal of senior employees of the Group, including management team members, and monitoring their performance.
- Ensuring there are adequate policies in relation to risk identification and management, and that internal controls and procedures are in place regarding the same. In summary, these policies are designed to ensure that strategic, operational, legal reputational and financial risks are identified, assessed, addressed, adequately controlled and monitored to allow achievement of Group business objectives, with adequate accountability and reporting mechanisms in place.
- Ensuring there is a disaster recovery plan and a business continuity plan in place which detail the recovery procedures to be followed in the event of a disaster or damaging event affecting the Fiducian Group.

Day to day management of the Group's affairs and the implementation of the corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director.

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter which is also available on the company's website at www.fiducian.com.au. The charter details the Board's composition and responsibilities. The Board charter was reviewed in May 2014.

Board members

The following persons were directors of Fiducian Portfolio Services Limited during the financial year:

Chairman (non-executive)	R Bucknell
Executive Managing Director	I Singh
Non-executive directors	F Khouri C Stone

Details of each director's experience, expertise, qualifications and term in office are set out each year in the Directors' Report section of the Annual Report to Shareholders under the heading "Information on Directors".

Board composition

The charter states:

- the Board is comprised of both executive and non-executive directors, with a minimum of three directors. The majority of directors must be non-executive directors.
- non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the majority of the Board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management.
- the Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- the company is to maintain a mix of directors on the Board from different backgrounds with complimentary skills and experience.
- the Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors irrespective of gender with experience and knowledge of the Group and directors with an external or fresh perspective.
- the size of the Board is conducive to effective discussion and efficient decision-making.

Chairman and Managing Director

The Board charter specifies that these are separate roles to be undertaken by separate people.

- The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted, and directors are properly briefed for meetings.
- The Managing Director is responsible for implementing Group strategies and policies.

Principle 2: Structure the Board to add value (continued)

Non executive Directors' independence

Non executive directors are obliged to be independent in judgement and ensure that all reasonable steps and due care are taken by the Board to arrive at sound decisions.

The Board has adopted specific guidelines in relation to directors' independence. These state that when determining independence, a director must be a non-executive director and :

- not be a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- not have been employed in an executive capacity by the Group within three years before commencing to serve on the Board.
- not have been, within the last three years, a principal of a material professional adviser or a material consultant to the Group, or an employee materially associated with the service provided.
- not have been a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- not have a material contractual relationship with the Group, other than as a director of Fiducian.
- not have been on the Board for a period which could, or could reasonably be perceived, to materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. With good cause, the Board may, at its discretion, determine that a director is independent, or has lost their independence, notwithstanding that all the above criteria are or are not satisfied.

The Board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment. Matters that could affect the independence of directors are detailed below:

- Mr Bucknell has served on the Board since inception of the Group, being for more than fifteen years. He brings a depth of experience and independent judgement to his role as director and remains vital to the growth of the Group.
- Mr Khouri has business dealings with the Group as disclosed in the Annual Report at the end of each financial year. However, these are not of such a value or significance that adversely affect the director's independence. He has declared his interests in those dealings with the company and takes no part in decisions relating to them.
- Mr Stone has no business dealings with the Group either independently or through his employer.

All three non executive directors are considered by the Board to be independent.

Independent professional advice

Directors and members of Board committees have the right to obtain independent professional advice at the expense of the Group on matters arising in the course of their duties and responsibilities, with prior approval of the Board.

Term of office

The company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following their last election. A retiring director is eligible to stand for re-election.

Principle 2: Structure the Board to add value (continued)

Induction

The induction provided to new directors enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the company's financial position, strategies, operations and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board.

Performance assessment

The Board undertakes an annual self assessment of its collective performance, the performance of the Chairman and of its committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the Managing Director. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. An assessment will shortly be carried out in accordance with this process.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of important aspects of the business and/or complex issues. Current committees of the Board are the Remuneration, Internal Compliance, External Compliance and Risk, Investment and Audit Committees. With the exception of the Audit committee which is comprised of all non executive directors, the committees are comprised of a mix of executive and non-executives directors, and external specialists, the names and qualifications of whom are detailed in each Annual Report to Shareholders. To address regulatory requirements the name and function of various Board committees may be changed.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed as required, but at least every three years. A summary of each charter is available on the company's website.

Minutes of all committee meetings are tabled at the next Board meeting where any significant matters are addressed and resolutions or requests for further information are sent back to the relevant committee. Specific reporting by the committees to the Board are addressed in the charter of the individual committees.

Nomination Committee

The Board has considered recommendation 2.4 of the ASX Corporate Governance Principles and has taken the view that participation by the full Board is more effective than a smaller Nomination Committee, particularly given the size of the Board. There is therefore no Nomination Committee at present.

Remuneration Committee

The Remuneration Committee is comprised of the non-executive Chairman and two other non-executive directors. The Committee ensures a formal performance evaluation is in place for the Managing Director and senior management personnel using established company objectives, key performance indicators and other criteria such as business performance and prevailing market conditions. Performance evaluation takes place annually. External advice on remuneration levels is obtained when deemed appropriate, but at a minimum of three year intervals. The Board has delegated to the Managing Director responsibility and authority for employee remuneration.

Compliance committees

- (a) The **Internal Compliance Committee** is comprised of the non-executive Chairman, one other non-executive Director, and the Managing Director. The Committee reviews disclosure documents required to be given under statute. The compliance officer attends and participates at the meetings.
- (b) The **External Compliance and Risk Committee (Financial Services)** is comprised of independent members, a non-executive Director, and the Managing Director. The Committee monitors compliance of systems, procedures, policies and programs established to ensure disclosure and reporting relating to compliance with obligations imposed by the Corporations Law, and that the interests of fund members are protected. The compliance officer attends and participates at the meetings.
- (c) The **External Compliance and Risk Committee (Superannuation)** is comprised of two independent members, and one other non-executive Director. The Committee monitors compliance of systems, procedures, policies and programs established to ensure disclosure and reporting relating to compliance with obligations imposed by the corporations and superannuation laws, and that the interests of fund members are protected. The compliance officer attends and participates at the meetings.

Audit committee

The Audit Committee is comprised of the non-executive Chairman, and two other non-executive Directors. The Managing Director, the Chief Financial Officer and auditor attend and participate at meetings. The Committee monitors all accounting policies to ensure they comply with accepted accounting standards and practices and is further discussed under Principle 4.

Investment committee

The Investment Committee is comprised of two independent members, the Managing Director and senior staff that form the Investment Management Team. The Committee monitors that procedures are fully carried out by the Investment Management Team, in accordance with the investment guidelines set by the Board.

Managing Director's attendance at Compliance and Audit committees

The Board has ensured that the Compliance and Audit committees have a majority of independent members; but it expects the Managing Director to attend these committees as required. Attendance by the Managing Director has been beneficial as clarification can be provided promptly and any corrective measures required can be actioned swiftly and efficiently.

Commitment

The Chairman is expected to spend at least 45 days per year preparing for and attending Board meetings and meeting with the Managing Director. Other non-executive directors are expected to spend at least 20 days per year preparing for and attending Board meetings.

All non-executive directors are expected to allow sufficient additional time to attend committee meetings and associated activities.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to undertake relevant educational development and discharge their responsibilities to the Board and any of its committees, of which they are a member.

The number of Board and Committee meetings attended by each director during each financial year is disclosed in the Directors' Report of each Annual Report of the Group.

The Managing Director has no appointments as a director outside the Group, other than to his own family companies.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Directors and Management actively promote ethical and responsible decision making in line with the Group's motto of 'Integrity, Trust and Expertise'. Additionally the Board and management believe that shareholder and public confidence is based upon the procedures in place internally which work to promote and ensure the highest standards of ethical behaviour are maintained.

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated, as necessary, to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the company's stakeholders.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. A copy of the Code of Conduct is available on the Company's website.

Diversity Policy

Fiducian is an equal opportunity employer and does not discriminate on gender, age, cultural background or country of origin. Our training programs are aimed at developing the full potential of each director and staff member.

Share trading policy

The purchase and sale of company securities by directors and employees is detailed in a written policy statement on insider and personal trading. This policy is discussed with and made available to each new director or employee as part of the induction process. Each director and employee is required to sign an annual declaration confirming their compliance. Generally, directors and employees are only allowed to buy or sell Fiducian securities during the six weeks immediately after the release to the market of financial information or any other major statement that may affect the share price. The compliance officer advises both directors and staff when such periods commence and conclude.

The Code requires employees who are aware of unethical practices within the group or breaches of the company's trading policy to report these using the company's whistleblower program. This can be done anonymously.

The directors are satisfied that the Group has complied with its policies on trading in securities. A copy of the the trading policy is available on the company's website.

Principle 4: Safeguard integrity in financial reporting

Audit committee

The audit committee consists of the following directors:

F Khouri (Chairman)
R Bucknell
C. Stone

All members of the Audit Committee are financially literate and have the appropriate understanding of the industry in which the Group operates. The Chairman, Mr F Khouri is a partner in a public accounting practice and a registered company auditor. Mr R Bucknell, has relevant qualifications and experience by virtue of being a former partner in a major accounting firm. Mr C Stone is a chartered accountant with experience in taxation and superannuation matters as well as a practising lawyer.

The Audit Committee operates in accordance with a charter which is available on the company's website.

The main responsibilities of the audit committee are to:

- review, assess and approve the annual and half-year financial reports and all other financial information published by the company or released to the market.
- assist the Board in reviewing the effectiveness of the organisation's internal financial controls covering:
 - effectiveness and efficiency of operations.
 - reliability of financial reporting, including important judgements and accounting estimates.
 - compliance with applicable laws and regulations
 - areas of financial risk
 - security of computer systems and applications
 - fraud and theft
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- consider the independence and competence of the external auditor on an ongoing basis.
- review and approve the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.
- review and monitor related party transactions and assess their propriety.
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee

- receives regular reports from management and the external auditor.
- meets with the external auditor at least twice a year, or more frequently if necessary.
- reviews the processes the Managing Director and senior managers have in place to support their certifications to the Board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- has the right of access to the external auditors at any time
- provides the external auditor with a clear line of direct communication, at any time, to the Chairman.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. Further information on director's attendance at audit committee meetings can be found in the "Directors' Report " section of the Annual report.

Principle 4: Safeguard integrity in financial reporting (continued)

External auditors

The company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers has been the appointed external auditor since inception in 1996. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced in the financial year ended 30 June 2014 .

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in each Annual Report to Shareholders. The external auditors provide an annual declaration of their independence to the Audit Committee.

The external auditor normally attends the annual general meeting to be available to answer shareholder questions about the conduct of the audit of the financial statements.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of Shareholders

Continuous disclosure and shareholder communication

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's shares. In addition, the Company releases quarterly cash flow reports to the ASX.

The Managing Director has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. Shareholders can receive updates on the Group's information released to the ASX on the ASX's website at www.asx.com.au.

When analysts are briefed on aspects of the Group's operations, the material used in such presentations is that already released to the ASX and posted on the company's website. Primary responsibility for compliance with Group policy on balanced and timely disclosure rests with the Managing Director who is assisted by the Group's General Counsel and the Chief Financial Officer.

Fiducian provides electronic reports and other communication to shareholders, who provide their email address. Hard copies are sent to other shareholders.

All shareholders receive a copy of the company's annual and half-yearly reports. In addition, the company provides opportunities for shareholders to participate through electronic means with company announcements, media briefings, details of company meetings, press releases for the last three years and financial reports for the last five years, which are all available on the ASX's website.

Principle 7: Recognise and manage risk

The Board, through the audit, compliance and internal risk committees, is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems.

In summary, the company policies are designed to ensure that strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to achieve the Group's objectives.

A detailed Risk Management Framework is in place which details the policies in place in relation to risk management processes, compliance and internal control systems, procedures, registers and reporting. The head of each business unit reports monthly, by exception, against the Risk Management Plan to the General Counsel. Further, detailed checklist reports are prepared quarterly by each business unit to confirm compliance with all licensing, corporations and superannuation law requirements to the External Compliance and Risk Committees, which then report to the Board.

In addition, the Board each year approves a strategic plan together with operating objectives and budgets which also encompasses the Group's vision and mission. The Board monitors progress against these objectives and budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature. Also, regular financial reporting is received by the Board on such matters as the Group's liquidity, funds under management inflows and outflows, funds performances and economic and financial market changes, impacts and forecasts. These measures assist the Board in managing business risk and any necessary mitigation strategies.

The environment, health and safety management systems

The company recognises the importance of environmental and work health and safety (WH&S) issues and is committed to high levels of performance, whilst recognising that the Group's operations expose it to little safety risk or environmental hazards.

Corporate reporting

The Managing Director and Chief Financial Officer have made the following signed certifications to the Board

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly.

Remuneration Committee

The Remuneration Committee consists of the following non-executive directors (all of whom are independent):

C Stone (Chairman)
R Bucknell
F Khouri

The Managing Director has signed a formal employment contract at the time of his appointment covering a range of matters including his duties, rights, responsibilities and any entitlements on termination. Further information on the Managing Director's remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report" in each Annual Report issued by the Company. In accordance with Group policy, the Managing Director is not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The Committee ensures a formal performance evaluation is in place for the Managing Director using established company objectives, key performance indicators and other criteria such as business performance and prevailing market conditions. External advice on remuneration levels is obtained when deemed appropriate, but at a minimum of three year intervals.

The Remuneration Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the Managing Director.

The Board assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that an appropriate candidate can be recruited for later promotion to the Managing Director's position.

Further information on director's attendance at the remuneration committee meetings can be found in the "Directors' Report" section of the Annual report.

The Managing Director is responsible for the remuneration of all other senior managers and staff.

A. Distribution of equity security holders by size of holding

Analysis of numbers of equity security holders by size of holding, as at 18 August 2014

Distribution :	Option holders	Ordinary Share holders
1 – 1,000		102
1,001 – 5,000		359
5,001 – 10,000		115
10,001 – 50,000		150
50,001 – 100,000		28
100,001 – and over	1	24
Total holders	1	778

There were no holders of a less than marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders.

The names of the twenty largest registered shareholders of quoted equity securities as at 18 August 2014, are listed below.

	Name	Number Held	Percentage of issued shares
1	INDYSHRI SINGH PTY LIMITED	8,655,932	28.14
2	NATIONAL NOMINEES LIMITED	1,985,540	6.46
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,956,771	6.36
4	SHRIND INVESTMENTS PTY LTD <INDYSHRI SUPER FUND A/C>	1,506,580	4.90
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,480,021	4.81
6	LONDON CITY EQUITIES LIMITED	1,213,666	3.95
7	NORCAD INVESTMENTS PTY LTD	1,003,000	3.26
8	HUNTER PLACE SERVICES PTY LTD	800,000	2.60
9	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	692,293	2.25
10	CITICORP NOMINEES PTY LIMITED	673,369	2.19
11	D R SMITH HOLDINGS PTY LTD	593,689	1.93
12	MR VICTOR JOHN PLUMMER	500,000	1.63
13	BOND STREET CUSTODIANS LIMITED <GANES VALUE GROWTH A/C>	387,268	1.26
14	GARRETT SMYTHE LIMITED	339,000	1.10
15	BNP PARIBAS NOMS (NZ)LTD	254,000	0.83
16	MR IVAN TANNER + MRS FELICITY TANNER <THE SUPERNATURAL S/F A/C>	251,820	0.82
17	H F R PTY LTD <THE F & M KHOURI S/FUND A/C>	199,187	0.65
18	DENDRINOS NOMINEES PTY LTD <BAYSIDE TAXI STAFF S/F A/C>	150,000	0.49
19	MRS JENNIFER MARGARET LEESON	138,847	0.45
20	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	126,950	0.41
		22,907,933	74.49

B. Equity security holders (continued)

Unquoted equity securities

As at 18 August 2014:

Type of Security	Number on issue	Number of holders
Options – Managing Director	140,000	1
	140,000	1

C. Substantial shareholders

Substantial shareholders and associates as at 18 August 2014 (more than 5% of a class of shares) in the company are set out below:

Name	Number held	Percentage
INDYSHRI SINGH PTY LIMITED and associates	10,162,512	33.04
NATIONAL NOMINEES LIMITED	1,985,540	6.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,956,771	6.36

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands each holder of ordinary shares has one vote and upon a poll one vote for each share held.

Options

No voting rights.

Contents

	Page
Financial report	
Statements of comprehensive income	31
Statements of financial position	32
Statements of changes in equity	33
Statements of cash flows	35
Notes to the financial statements	36
Directors' declaration	88
Independent auditor's report to the members	89

This financial report covers both Fiducian Portfolio Services Limited as an individual entity and the consolidated entity consisting of Fiducian Portfolio Services Limited and its controlled entities. The financial report is presented in Australian currency.

Fiducian Portfolio Services Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Fiducian Portfolio Services Limited
Level 4, 1 York Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Joint Report of the Chairman and Managing Director, and in the director's report on pages 2 - 16, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 26 August 2014. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.fiducian.com.au.

Fiducian Portfolio Services Limited
ACN 073 845 931
Statements of comprehensive income
For the year ended 30 June 2014

	Notes	Consolidated		Parent Entity	
		2014	RESTATED	2014	RESTATED
		\$'000	2013	\$'000	2013
Revenue from ordinary activities	4	22,537	21,752	18,283	17,933
Other Income	5	337	354	301	324
Payments to advisors and related costs		(4,908)	(4,575)	(8,247)	(5,508)
Employee benefits expense		(9,812)	(9,344)	(6,314)	(6,060)
Depreciation and amortisation expense	6(a)	(682)	(582)	(141)	(150)
Other expenses	6(b)	(1,396)	(2,842)	136	(1,696)
Profit before income tax expense		<u>6,075</u>	<u>4,763</u>	<u>4,019</u>	<u>4,843</u>
Income tax expense	7	(2,092)	(1,371)	(1,311)	(1,409)
Profit for the year	24	<u>3,983</u>	<u>3,392</u>	<u>2,708</u>	<u>3,434</u>
Other comprehensive income for the full year, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>3,983</u></u>	<u><u>3,392</u></u>	<u><u>2,708</u></u>	<u><u>3,434</u></u>
Profit is attributable to:					
Owners of Fiducian Portfolio Services Limited		<u>3,983</u>	<u>3,392</u>	<u>2,708</u>	<u>3,434</u>
		<u><u>3,983</u></u>	<u><u>3,392</u></u>	<u><u>2,708</u></u>	<u><u>3,434</u></u>
Earnings per share	32				
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:			RESTATED		
Basic earnings per share (in cents)		12.81	10.33		
Diluted earnings per share (in cents)		12.75	10.24		

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Fiducian Portfolio Services Limited
ACN 073 845 931
Statements of financial position
As at 30 June 2014

	Notes	Consolidated		Parent Entity	
		2014	RESTATED 2013	2014	RESTATED 2013
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	11,194	9,440	8,046	7,536
Trade and other receivables	10	2,855	2,749	5,924	5,982
Total Current Assets		<u>14,049</u>	<u>12,189</u>	<u>13,970</u>	<u>13,518</u>
Non-current assets					
Receivables	11	2,084	2,141	2,084	2,141
Other financial assets	12	-	-	3,875	3,875
Other financial assets at fair value through profit or loss	13	106	155	106	155
Property, plant and equipment	14	524	598	149	184
Deferred tax assets	15	816	950	665	694
Intangible assets	16	9,600	7,712	151	194
Total Non-Current Assets		<u>13,130</u>	<u>11,556</u>	<u>7,030</u>	<u>7,243</u>
Total assets		<u>27,179</u>	<u>23,745</u>	<u>21,000</u>	<u>20,761</u>
LIABILITIES					
Current liabilities					
Trade and other payables	17	4,118	2,888	2,737	2,074
Current tax liabilities	18	1,173	292	390	277
Total Current Liabilities		<u>5,292</u>	<u>3,180</u>	<u>3,127</u>	<u>2,351</u>
Non-current liabilities					
Payables non current	19	276	110	-	-
Deferred tax liabilities	20	1,313	897	-	9
Provisions	21	947	836	717	598
Total Non-Current Liabilities		<u>2,536</u>	<u>1,843</u>	<u>717</u>	<u>607</u>
Total liabilities		<u>7,828</u>	<u>5,023</u>	<u>3,843</u>	<u>2,958</u>
Net assets		<u>19,351</u>	<u>18,722</u>	<u>17,157</u>	<u>17,803</u>
EQUITY					
Contributed equity	22	6,236	7,145	6,236	7,145
Reserves	23	26	75	26	75
Retained profits	24	13,089	11,502	10,895	10,583
Total equity		<u>19,351</u>	<u>18,722</u>	<u>17,157</u>	<u>17,803</u>
Contingent liabilities	28				
Commitments for expenditure	29				

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

Fiducian Portfolio Services Limited
ACN 073 845 931
Statements of changes in equity
As at 30 June 2014

	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Consolidated					
Balance as at 1 July 2012 (Restated)		7,395	219	9,980	17,594
Profit for the year (Restated)		-	-	3,392	3,392
Other comprehensive income		-	-	-	-
Total comprehensive income for the year (Restated)		-	-	3,392	3,392
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	22	-	-	-	-
Buy back of shares	22	(250)	-	-	(250)
Dividends provided for or paid	8	-	-	(1,870)	(1,870)
Share options lapsed	23	-	(142)	-	(142)
Foreign Exchange transactions	23	-	(2)	-	(2)
Total transactions with equity holders		(250)	(144)	(1,870)	(2,264)
Balance as at 30 June 2013 (Restated)		7,145	75	11,502	18,722
Profit for the year		-	-	3,983	3,983
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	3,983	3,983
Transactions with equity holders in their capacity as equity holders					
Buy back of shares	22	(909)	-	-	(909)
Dividends provided for or paid	8	-	-	(2,396)	(2,396)
Share options lapsed	23	-	(49)	-	(49)
Foreign Exchange transactions	23	-	-	-	-
Total transactions with equity holders		(909)	(49)	(2,396)	(3,354)
Balance as at 30 June 2014		6,236	26	13,089	19,351

Fiducian Portfolio Services Limited
ACN 073 845 931
Statements of changes in equity (continued)
As at 30 June 2014

	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Parent					
Balance as at 1 July 2012 (Restated)		7,395	217	9,019	16,631
Profit for the year (Restated)		-	-	3,434	3,434
Other comprehensive income		-	-	-	-
Total comprehensive income for the year (Restated)		-	-	3,434	3,434
Transactions with equity holders in their capacity as equity holders					
Buy back of shares	22	(250)	-	-	(250)
Dividends provided for or paid	8	-	-	(1,870)	(1,870)
Share options lapsed	23	-	(142)	-	(142)
Total transactions with equity holders		(250)	(142)	(1,870)	(2,262)
Balance as at 30 June 2013 (Restated)		7,145	75	10,583	17,803
Profit for the year		-	-	2,708	2,708
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	2,708	2,708
Transactions with equity holders in their capacity as equity holders					
Buy back of shares	22	(909)	-	-	(909)
Dividends provided for or paid	8	-	-	(2,396)	(2,396)
Share options lapsed	23	-	(49)	-	(49)
Total transactions with equity holders		(909)	(49)	(2,396)	(3,354)
Balance as at 30 June 2014		6,236	26	10,895	17,158

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

Fiducian Portfolio Services Limited

ACN 073 845 931

Statements of cash flows

For the year ended 30 June 2014

	Notes	Consolidated		Parent Entity	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		24,575	24,428	19,841	20,594
Payments to suppliers and employees (inclusive of goods and services tax)		(17,814)	(18,821)	(15,255)	(16,587)
		<u>6,761</u>	<u>5,607</u>	<u>4,587</u>	<u>4,007</u>
Interest received		322	357	310	322
Income taxes (paid) / refunded		<u>(1,219)</u>	<u>(1,159)</u>	<u>(1,178)</u>	<u>(1,124)</u>
Net cash inflow from operating activities	31	<u>5,863</u>	<u>4,805</u>	<u>3,719</u>	<u>3,205</u>
Cash flows from investing activities					
Loans to related parties (associates, planners and staff)		-	(359)	-	(359)
Investment in subsidiary / Trusts		64	87	64	87
Payments in relation to acquisitions		(874)	(689)	-	-
Repayment of loans by associates & planners		95	446	95	446
Payments for property, plant and equipment		<u>(89)</u>	<u>(404)</u>	<u>(62)</u>	<u>(34)</u>
Net cash (outflow)/inflow from investing activities		<u>(804)</u>	<u>(919)</u>	<u>97</u>	<u>140</u>
Cash flows from financing activities					
Payments for shares bought back		(909)	(250)	(909)	(250)
Dividends paid		<u>(2,396)</u>	<u>(1,870)</u>	<u>(2,396)</u>	<u>(1,870)</u>
Net cash (outflow) from financing activities		<u>(3,305)</u>	<u>(2,120)</u>	<u>(3,305)</u>	<u>(2,120)</u>
Net increase in cash held		1,754	1,766	510	1,225
Cash and cash equivalents at the beginning of the year		9,440	7,674	7,536	6,311
Cash and cash equivalents at the end of year	9	<u><u>11,194</u></u>	<u><u>9,440</u></u>	<u><u>8,046</u></u>	<u><u>7,536</u></u>

The above statements of cash flow should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted for the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Fiducian Portfolio Services Limited as an individual entity and the Group consisting of Fiducian Portfolio Services Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has 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*. Fiducian Portfolio Services Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report of Fiducian Portfolio Services Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial reports 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 2.

Restatement relating to deferred tax in connection with business combinations

Following a review of the accounting treatment applied to business combinations Management has determined that the deferred tax liability had not been properly recognised in the books of account in relation to the client portfolio intangibles. Retrospective recognition was made during the current year and the comparative figures at 30 June 2013 and at 1 July 2012 have been restated to reflect this. Further details and the impact on the financial statements have been provided separately in Note 36.

(b) Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by Fiducian Portfolio Services Limited (company or parent entity) as at 30 June 2014 and the results of all controlled entities for the year then ended. Fiducian Portfolio Services Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the group is exposed, to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Investments in subsidiaries are accounted for at cost in the parent company's financial report.

The acquisition method of accounting is used to account for the business combinations by the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the managing director .

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) Management fees and Fees, payments to advisers and related costs

Revenues comprising trustee and management fees are recognised on an accruals basis. Fees, payments to advisers and costs related to this revenue is recognised at the same time and on the same basis.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(iv) Distributions from related trusts

Distributions from related trusts are recognised as revenue when the right to receive payment is established.

(v) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Fiducian Portfolio Services Limited's functional and presentation currency.

(ii) Transactions 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 profit or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at the closing rate at the end of the month, and
- all resulting exchange differences are recognised in other comprehensive income.

1 Summary of significant accounting policies (continued)

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial reports. 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 or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position 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 controlled entities where the parent entity 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.

Fiducian Portfolio Services Limited and its Australian wholly-owned operating entities have not formed a tax consolidated group.

(e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) Trustee company and Responsible Entity

The company acts as a Trustee of Fiducian Superannuation Service and Responsible Entity of Fiducian Funds ("the trusts"). The accounting policies adopted by the company in the preparation of the financial reports for the year ended 30 June 2014 reflect the fiduciary nature of the company's responsibility for the assets and liabilities of the trusts. The financial reports do not include the trusts' assets and liabilities as future economic benefits and obligations derived from the trusts' assets and liabilities do not accrue to the company. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the trust assets and liabilities have not been disclosed as the directors consider the probability of the company having to meet the liabilities of the trusts is remote.

1 Summary of significant accounting policies (continued)

(g) 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows 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 each reporting date.

(h) Cash and cash equivalents

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

(i) Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 120 days from the date of recognition for trade receivables and financial planning fees, and no more than 30 days for other receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables, which are known to be uncollectible, are written off. 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 (outside settlement terms) are 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, discounted at the original effective interest rate. 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 the statement of comprehensive income 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 expenses in the statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The purchase 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 acquirer. The purchase consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the purchase consideration transferred, and the acquisition-date fair value over the fair value of the group's share 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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

(k) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and other financial assets. The classification depends on the purposes for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets are classified as held for trading if acquired principally for the purpose of selling in the short term with the intention of making a profit.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position in Notes 10 and 11.

1 Summary of significant accounting policies (continued)

(l) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. 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 the statement of comprehensive income during the financial period in which they were incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, office equipment and computers	2 – 8 years
Leasehold improvements	term of the lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in Note 1(g).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(n) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. These units are all within the financial planning segment.

1 Summary of significant accounting policies (continued)

(n) Intangible assets (continued)

Client portfolios

Consideration payable for the acquisition of client portfolios is deferred and amortised on a straight line basis over a period of 10 years. Client portfolios are also tested for events or changes in circumstances that indicate that they may be impaired, and are carried at cost less accumulated amortisation and impairment losses.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems where deemed appropriate. Costs capitalised include 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.

Capitalised expenditure are tested for events or changes in circumstances that indicate that they may be impaired and whether they exceed their recoverable amount.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

No such provision is required at year end.

1 Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled. Personal/carers leave is brought to account as incurred.

(ii) Long service leave

The liability for long service leave 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 reporting date using the projected unit cost 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 reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees and financial planners via the two share option plans. Information relating to these schemes is set out in Note 26.

No expense is recognised in respect of options granted before 7 November 2002 and vested before 1 January 2005 issued to employees for nil consideration. Shares issued following the exercise of such options are recognised at that time and the proceeds received allocated to share capital.

Subsequent options issued to employees for no consideration have the fair value of options granted under the Fiducian Employee & Director Share Option Plan recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(r) Contributed equity

Ordinary shares are classified as equity.

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

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments along with the consideration paid is deducted from equity and the shares are regarded as treasury shares until they are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly incremental costs (net of income taxes) is recognised directly in equity. Treasury shares are bought with the intention of cancellation and are not reissued.

1 Summary of significant accounting policies (continued)

(s) Dividends

Provision is made only for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to equity holders 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.

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

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other payables in the statement of financial position.

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

(v) Rounding of amounts

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

Rounded components presented throughout the financial report may not add up precisely to the rounded sum as a result of rounding to the nearest thousand dollars in various sections of the report.

1 Summary of significant accounting policies (continued)

(w) New and amended accounting standards adopted by the Company

Certain new accounting standards and interpretations have become mandatory for 30 June 2014 and these have been applied in the preparation of these financial statements where applicable. The mandatory standards are:-

AASB 10 Consolidated Financial Statements

AASB 10 replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements. The standard introduces a single definition of control applicable to all entities. Control exists when the investor can use their power to affect the amount of its returns. The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate would be different under this new standard. No differences were found and therefore no adjustments are required to the carrying amounts in the financial statements as a result of adoption.

AASB 11 Joint Arrangements

AASB 11 introduces a principles based approach to accounting for joint arrangements. It switches the focus from the legal structure of joint arrangements to the sharing of rights and obligations of the parties under the joint arrangement. The Group does not participate in any joint arrangement and therefore this standard does not impact its financial statements.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the required disclosure for the entities reporting under the new standards AASB10 and AASB 11 and replaces the disclosures requirements currently found in AASB 127 and AASB 128. Adoption of this standard does not affect the amounts recognised in the financial statements but has impacted the disclosures made in these financial statements.

AASB 13 Fair Value Measurement

AASB 13 does not extend the use of fair value accounting but clarifies how to measure fair value and aims to enhance fair value disclosure. The Group has determined that its current measurement techniques will not change as a result of the new guidance but additional disclosure required by this standard have been made in these financial statements.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting

Standards arising from AASB 9 (effective from 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and financial liabilities and rules for hedge accounting and is likely to impact the Group's accounting of its financial assets and liabilities. The standard is applicable to the Group's financial statements from 1 July 2017 but is available for early adoption. Management does not expect this to have a significant impact on the Group's financial statements and is in the midst of performing a detailed analysis on the impacts of the new standard.

2 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, by comparing its current amount with its recoverable amount in accordance with the accounting policy stated in Note 1(n). The recoverable amounts of the cash-generating units have been determined based on earnings multiples requiring the use of sustainable revenue estimates and comparable market transactions.

(ii) Estimated impairment of client portfolios

The Group assesses at the end of each reporting period whether there is any indication that the investment or accounting portfolios may be impaired in accordance with the accounting policy stated in Note 1(n). If any such indication exists, the Group shall estimate the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on discounted cash flow models which require the use of assumptions on discount rates, recurring revenues and cash flow projections. The key estimates and assumptions do not have a significant risk of causing a material adjustment within the next financial year to the carrying amount of assets and liabilities recognised in the financial report.

(iii) Valuation of illiquid unlisted unit trusts

Investments in unlisted unit trusts are generally priced at the prevailing unit price issued by the manager. Where a unit trust is frozen and redemptions are restricted the unit price issued by the manager may not reflect fair value of the underlying investment.

In such cases management may determine that an additional provision is required to reflect a liquidity or valuation discount. Such provisions are subjective as a result of limited information and therefore require a high degree of estimation.

3 Segment information

(a) Description of segments

Business segments

The Group is organised into the following divisions by product and service type.

Funds Management and Administration

The company operates in a single segment as Trustee for a public offer superannuation fund - Fiducian Superannuation Service, Operator of an Investor Directed Portfolio Service – Fiducian Investment Service and Responsible Entity for managed investment schemes - Fiducian Funds.

Financial Planning

The company continued its specialist financial planning operations through its subsidiary, Fiducian Financial Services Pty Ltd.

Business Services

The company provides accountancy resource services through its subsidiary, Fiducian Business Services Pty Ltd. Although this segment does not meet the quantitative thresholds required by AASB 8, management has concluded that this segment should be reported as it is closely monitored by management for its potential growth opportunities.

Geographical segments

The Group operates in the following geographical segments - in Australia and in India . The Indian operations are not considered material for a separate geographical segment disclosure during the financial year 2014.

3 Segment information (continued)

(b) Primary reporting - business segments

	Funds Manage- gement and Administration \$'000	Financial Planning \$'000	Business Services \$'000	Inter- segment eliminations \$'000	Consolidated \$'000
2014					
Sales to external customers	18,283	3,247	1,006	-	22,537
Intersegment sales	-	7,121	96	(7,217)	-
Total sales revenue	<u>18,283</u>	<u>10,368</u>	<u>1,102</u>	<u>(7,217)</u>	<u>22,537</u>
Other revenue	301	24	12	-	337
Total segment revenue	<u><u>18,584</u></u>	<u><u>10,392</u></u>	<u><u>1,114</u></u>	<u><u>(7,217)</u></u>	<u><u>22,873</u></u>
Profit from ordinary activities before income tax expense	<u>4,022</u>	<u>2,065</u>	<u>(12)</u>	<u>-</u>	<u>6,075</u>
Income tax expense					<u>(2,092)</u>
Profit from ordinary activities after income tax expense					<u><u>3,983</u></u>
Segment assets	<u>21,000</u>	<u>11,300</u>	<u>2,801</u>	<u>(7,922)</u>	<u>27,179</u>
Segment liabilities	<u>3,843</u>	<u>5,208</u>	<u>2,815</u>	<u>(4,039)</u>	<u>7,827</u>
Acquisitions of plant and equipment, intangibles and other non-current segment assets	<u>63</u>	<u>2,212</u>	<u>221</u>	<u>-</u>	<u>2,496</u>
Depreciation, amortisation and impairment	<u>141</u>	<u>425</u>	<u>116</u>	<u>-</u>	<u>682</u>
Net cash inflow from operating activities	<u><u>3,719</u></u>	<u><u>1,340</u></u>	<u><u>805</u></u>	<u><u>-</u></u>	<u><u>5,863</u></u>

3 Segment information (continued)

(b) Primary reporting - business segments (continued)

	Funds Manage- gement and Administration \$'000	Financial Planning \$'000	Business Services \$'000	Inter- segment eliminations \$'000	Consolidated \$'000
2013					
Sales to external customers	17,933	3,069	750	-	21,752
Intersegment sales	-	4,620	96	(4,716)	-
Total sales revenue	<u>17,933</u>	<u>7,689</u>	<u>846</u>	<u>(4,716)</u>	<u>21,752</u>
Other revenue	324	26	4	-	354
Total segment revenue	<u>18,257</u>	<u>7,715</u>	<u>850</u>	<u>(4,716)</u>	<u>22,106</u>
Profit from ordinary activities before income tax expense	<u>4,843</u>	<u>(3)</u>	<u>(77)</u>	<u>-</u>	<u>4,763</u>
Income tax expense					(1,371)
Profit from ordinary activities after income tax expense					<u>3,392</u>
Segment assets (Restated)	<u>20,720</u>	<u>9,158</u>	<u>2,059</u>	<u>(8,192)</u>	<u>23,745</u>
Segment liabilities (Rstated)	<u>2,959</u>	<u>4,347</u>	<u>2,051</u>	<u>(4,334)</u>	<u>5,023</u>
Acquisitions of plant and equipment, intangibles and other non-current segment assets	<u>69</u>	<u>520</u>	<u>441</u>	<u>-</u>	<u>1,030</u>
Depreciation, amortisation and impairment	<u>150</u>	<u>345</u>	<u>87</u>	<u>-</u>	<u>582</u>
Net cash inflow from operating activities	<u>3,205</u>	<u>1,009</u>	<u>591</u>	<u>-</u>	<u>4,805</u>

3 Segment information (continued)

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the statements of comprehensive income.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2014 \$'000	2013 \$'000
Total segment revenue	29,753	26,468
Intersegment eliminations	(7,217)	(4,716)
Total revenue from continuing operations (Note 4)	22,537	21,752

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$22,537 (2013: \$21,752,000).

(ii) EBITDA

The board assesses the performance of the operating segments based on the measures of profit contribution and EBITDA.

A reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	2014 \$'000	2013 \$'000
EBITDA	6,758	5,353
Intersegment eliminations	-	(1)
Finance costs	(2)	(7)
Depreciation	(164)	(133)
Amortisation	(518)	(449)
Profit before income tax from continuing operations	6,075	4,763

3 Segment information (continued)

(c) Other segment information

(iii) Segment assets

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial report. These assets are allocated based on the operations of the segment and the physical location of the asset.

All assets are located in Australia and in India (which are not material).

(iv) Segment liabilities

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

4 Revenue from ordinary activities

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
From continuing operations				
Sales revenue				
Fees received	22,078	21,369	17,935	17,518
Other	458	383	348	415
Revenue from ordinary activities	<u>22,537</u>	<u>21,752</u>	<u>18,283</u>	<u>17,933</u>

5 Other Income

Interest received/receivable	346	357	310	327
Distributions from related trusts	-	21	-	21
Fair value (losses)/ gains on financial assets at fair value through profit or loss (Note 13)	(9)	(24)	(9)	(24)
	<u>337</u>	<u>354</u>	<u>301</u>	<u>324</u>

6 Expenses

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Profit before income tax includes the following specific expenses:				
(a) Depreciation, and amortisation expense				
<i>Depreciation</i>				
Furniture, office equipment and computers	112	109	94	94
Leasehold improvements	52	24	3	4
Total depreciation	<u>164</u>	<u>133</u>	<u>97</u>	<u>98</u>
<i>Amortisation</i>				
Capitalised computer software	13	11	13	10
Client portfolio acquisition costs	504	438	31	42
Total amortisation	<u>518</u>	<u>449</u>	<u>44</u>	<u>52</u>
<i>Impairment</i>				
Goodwill	-	-	-	-
Total depreciation, and amortisation expense	<u>682</u>	<u>582</u>	<u>141</u>	<u>150</u>
(b) Other expenses				
Professional services	464	443	370	363
Sales marketing and travel	807	823	343	650
Rental expense relating to operating leases	909	943	427	465
Premises and equipment	192	287	105	190
Communication and computing	480	531	290	353
Printing and stationery	116	179	69	134
Auditors (Note 27)	442	429	424	426
Doubtful debts	6	-	-	-
Administration and other	1,175	1,142	1,028	1,050
Expense Recovery	(3,193)	(1,935)	(3,193)	(1,935)
	<u>1,396</u>	<u>2,842</u>	<u>(136)</u>	<u>1,696</u>

Fiducian Portfolio Services Limited, as trustee for the Fiducian Superannuation Service, is entitled to the reimbursement of expenses incurred by it in the operation of the service. Effective from 1 July 2012 Fiducian will, for a three year period, recover an amount up to 75% of the balance of any unrecovered operational expenses incurred by it subject to available reserves. Thereafter, it will recover up to 100% of any unrecovered operational expenses subject to available reserves. Expense recoveries will vary year on year depending on the nature of the expenses incurred by the trustee. Notwithstanding this, the current reserves are sufficient to sustain the current level of reimbursable expenses for the next financial year.

7 Income tax expense

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Income tax expense				
Current tax	1,991	1,517	1,215	1,427
Deferred tax	(9)	(108)	20	(5)
Adjustments for current tax of prior periods	110	(37)	76	(13)
Income tax expense	<u>2,092</u>	<u>1,371</u>	<u>1,311</u>	<u>1,409</u>
Deferred income tax (revenue) expense				
included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (Note 15)	134	13	29	7
(Decrease) increase in deferred tax liabilities (Note 20)	(143)	(121)	(9)	(12)
Deferred tax	<u>(9)</u>	<u>(108)</u>	<u>20</u>	<u>(5)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	<u>6,075</u>	<u>4,763</u>	<u>4,019</u>	<u>4,843</u>
Tax at the Australian tax rate of 30%	1,823	1,429	1,206	1,453
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	18	13	13	10
Tax offset for amortisation	(142)	(122)	-	(12)
Sundry items	283	88	16	(29)
	<u>1,982</u>	<u>1,408</u>	<u>1,235</u>	<u>1,422</u>
Over provision in prior years	110	(37)	76	(13)
Income tax expense	<u>2,092</u>	<u>1,371</u>	<u>1,311</u>	<u>1,409</u>

(c) Tax consolidation legislation

Fiducian Portfolio Services Limited and its Australian wholly-owned operating entities have not formed a tax consolidated group.

8 Dividends

	Parent Entity	
	2014	2013
	\$'000	\$'000
Ordinary shares		
Final ordinary fully franked dividend for the year ended 30 June 2013 of 3.60 cents (2012: Fully franked 2.50 cents) per share paid on 20 September 2013 .	1,131	794
Interim ordinary fully franked dividend for the year ended 30 June 2014 of 4.10 cents (2013: Fully franked 3.40 cents) per share paid on 26 March 2014.	1,265	1,076
Total dividends paid in cash	2,396	1,870

The Directors have declared the payment of a final fully franked dividend for the year ended 30 June 2014 in the amount of 5.00 cents per ordinary share to be paid on shares registered on 5 September 2014 and payable on 19 September 2014.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2014 will be franked out of existing franking credits.

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	7,632	6,715	5,657	5,538
	7,632	6,715	5,657	5,538

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax.
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits from subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of approximately \$659,000 (2013: \$487,000).

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
9 Current assets - Cash and cash equivalents				
Cash at bank and in hand	6,161	5,408	3,046	3,536
Deposits securing bank guarantees	34	32	-	-
Deposits - other	5,000	4,000	5,000	4,000
	<u>11,194</u>	<u>9,440</u>	<u>8,046</u>	<u>7,536</u>

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 34.

10 Current assets - Trade and other receivables

Amounts receivable from related entities:

Controlled entities	-	-	3,519	3,937
Related trusts	1,710	1,449	1,660	1,423
Business development loans *	181	213	181	213
Staff loans *	3	11	3	11
Other receivables	721	765	336	198
Prepayments	270	341	229	204
	<u>2,885</u>	<u>2,779</u>	<u>5,928</u>	<u>5,986</u>
Less: Provision for impairment of receivables	<u>(30)</u>	<u>(30)</u>	<u>(4)</u>	<u>(4)</u>
	<u>2,855</u>	<u>2,749</u>	<u>5,924</u>	<u>5,982</u>

* Refer to Note 11 for the non-current portion of these receivables.

Movements in provision for impairment of receivables

Balance at beginning of the year	(30)	(111)	(4)	(9)
Written off against provision	-	81	-	5
Balance at end of the year	<u>(30)</u>	<u>(30)</u>	<u>(4)</u>	<u>(4)</u>

At 30 June 2014, a provision for impairment exists for trade receivables outstanding greater than 120 days where management considers that the receivable is impaired. There has been no history of default and no material losses are expected.

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 34.

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
11 Non-current assets - Receivables				
Business development loans *	2,055	2,089	2,055	2,089
Loans to staff *	29	52	29	52
	<u>2,084</u>	<u>2,141</u>	<u>2,084</u>	<u>2,141</u>
Less: Provision for impairment of receivables	-	-	-	-
	<u><u>2,084</u></u>	<u><u>2,141</u></u>	<u><u>2,084</u></u>	<u><u>2,141</u></u>

* Refer to Note 10 for the current portion of these receivables.

(a) Impaired receivables and receivables past due

No amount has been provided against non-current receivables in the current year (2013: Nil).

(b) Fair values

The fair values and carrying values of non-current receivables of the Group and parent entity are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Business development loans	2,055	2,055	2,089	2,089
Loans to staff	29	29	52	52
	<u>2,084</u>	<u>2,084</u>	<u>2,141</u>	<u>2,141</u>

(c) Risk exposure

Information about the Group's and the parent entity's exposure to credit and interest rate risk is provided in Note 34. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

12 Non-current assets - Other financial assets

The Group's principal subsidiaries as at 30 June 2014 are set out below along with the cost of investment by the parent entity.

Name of entity	Country of Incorporation	Class of shares	Equity holding %	Cost of parent entity's investment	
				2014 \$'000	2013 \$'000
Fiducian Financial Services Pty Ltd *	Australia	Ordinary	100	3,763	3,763
Fiducian Business Services Pty Ltd**	Australia	Ordinary	100	10	10
Harold Bodinnar & Associates Pty Ltd***	Australia	Ordinary	100	97	97
Money & Advice Pty Ltd***	Australia	Ordinary	100	5	5
Total investment by parent entity				<u>3,875</u>	<u>3,875</u>

*= The principal activity of the Company is the development of a specialist financial planning services network .

**= The principal activity of this Company is to provide bookkeeping , accounting and tax processing services.

***= These companies are currently dormant as their operations have been transferred to Fiducian Financial Services Pty Ltd.

In addition to the above subsidiaries, Fiducian Business Services has a 90% equity investment in Fiducian Resourcing Services Pvt Ltd, a company incorporated in India, providing accounting and tax processing services to the group. The operations of the Company are in its initial stages and are not considered material to the Group in 2014.

13 Non-current assets - Other financial assets at fair value through profit and loss

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Investment in unlisted unit trusts				
At beginning of the year	155	275	155	275
Capital distribution	(40)	(96)	(40)	(96)
Revaluation - fair value (losses)	<u>(9)</u>	<u>(24)</u>	<u>(9)</u>	<u>(24)</u>
At end of the year	<u>106</u>	<u>155</u>	<u>106</u>	<u>155</u>
Investment in related trust	<u>106</u>	<u>155</u>	<u>106</u>	<u>155</u>

Financial assets held at fair value through profit and loss comprise investments into a related Fiducian trust.

At the year end redemptions from this unlisted unit trust remained frozen. Unit prices continue to be issued by the respective managers of the underlying unlisted unit trusts but as there has been no trading following the redemption freeze, an estimation is required in order to determine fair value. Refer to the assumptions in Note 2(iii) for further details.

Changes in fair values of these financial assets at fair value through profit and loss are recorded in Other Income in the statement of comprehensive income. Refer to Note 5.

Investments in other financial assets remain illiquid and will be held to maturity. The parent entity continues to receive income and capital distributions which are expected to continue over the life of the investment. These investments are valued at current published prices at 30 June 2014.

Risk exposure

Information about the Group's and the parent entity's exposure to credit and price risk is provided in Note 34.

14 Non-current assets - Property, plant and equipment

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Plant and equipment				
Furniture, office equipment and computers	1,550	1,461	982	921
Less: Accumulated depreciation	(1,027)	(863)	(833)	(737)
	<u>524</u>	<u>598</u>	<u>149</u>	<u>184</u>

Movements

Reconciliation of the carrying amounts of each class of property, plant and equipment are set out below.

	Furniture and office equipment \$'000	Computers \$'000	Leasehold improve- ments \$'000	Total \$'000
Consolidated				
At 1 July 2012				
Cost	302	549	465	1,316
Accumulated depreciation	(228)	(298)	(458)	(984)
Net book amount	<u>74</u>	<u>251</u>	<u>7</u>	<u>332</u>
Year ended 30 June 2013				
Opening net book amount	74	251	7	332
Additions	13	48	342	403
Disposals	-	(4)	-	(4)
Depreciation / amortisation charge	(14)	(95)	(24)	(133)
Closing net book amount	<u>73</u>	<u>200</u>	<u>325</u>	<u>598</u>
At 30 June 2013				
Cost	226	427	808	1,461
Accumulated depreciation	(153)	(227)	(483)	(863)
Net book amount	<u>73</u>	<u>200</u>	<u>325</u>	<u>598</u>
Year ended 30 June 2014				
Opening net book amount	73	200	325	598
Additions	51	9	28	89
Disposals	-	-	-	-
Depreciation / amortisation charge	(22)	(92)	(48)	(162)
Closing net book amount	<u>102</u>	<u>117</u>	<u>305</u>	<u>524</u>
At 30 June 2014				
Cost	277	436	837	1,550
Accumulated depreciation	(175)	(319)	(532)	(1,026)
Net book amount	<u>102</u>	<u>117</u>	<u>305</u>	<u>524</u>

14 Non-current assets - Property, plant and equipment (continued)

	Furniture and office equipment \$'000	Computers \$'000	Leasehold improve- ments \$'000	Total \$'000
Parent entity				
At 1 July 2012				
Cost or fair value	186	496	465	1,147
Accumulated depreciation	(168)	(265)	(459)	(892)
Net book amount	<u>18</u>	<u>231</u>	<u>6</u>	<u>255</u>
Year ended 30 June 2013				
Opening net book amount	18	231	6	255
Additions	10	23	-	33
Disposals	-	(6)	-	(6)
Depreciation / amortisation charge	(9)	(85)	(4)	(98)
Closing net book amount	<u>19</u>	<u>163</u>	<u>2</u>	<u>184</u>
At 30 June 2013				
Cost	106	350	465	921
Accumulated depreciation	(87)	(187)	(463)	(737)
Net book amount	<u>19</u>	<u>163</u>	<u>2</u>	<u>184</u>
Year ended 30 June 2014				
Opening net book amount	19	163	2	184
Additions	43	5	13	61
Disposals	-	-	-	-
Depreciation / amortisation charge	(16)	(82)	-	(96)
Closing net book amount	<u>46</u>	<u>86</u>	<u>15</u>	<u>149</u>
At 30 June 2014				
Cost	149	355	478	982
Accumulated depreciation	(103)	(269)	(463)	(833)
Net book amount	<u>46</u>	<u>86</u>	<u>15</u>	<u>149</u>

15 Non-current assets – Deferred tax assets

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
The balance comprises temporary differences attributable to:				
Doubtful Debts	10	9	2	1
Employee benefits	496	480	362	335
Accrued expenditure	24	29	21	28
Provision for audit and taxation services	152	110	146	105
Provision for depreciation	109	110	109	109
Unrealised gains (losses)	25	22	25	22
Amortisation of client portfolios	-	189	-	94
Net deferred tax assets	<u>816</u>	<u>950</u>	<u>665</u>	<u>694</u>

Movements:

Opening balance at 1 July	950	963	694	701
Taken to the statement of comprehensive income	(134)	(13)	(29)	(7)
Closing balance at 30 June	<u>816</u>	<u>950</u>	<u>665</u>	<u>694</u>

Deferred tax assets likely to be recovered within 12 months	532	629	450	481
Deferred tax assets likely to be recovered after 12 months	284	321	215	213
	<u>816</u>	<u>950</u>	<u>665</u>	<u>694</u>

16 Non-current assets – Intangible assets

	RESTATED		RESTATED	
Deferred expenditure				
Capitalised expenditure – computer software	4,999	4,999	4,994	4,994
Less: Accumulated amortisation	(4,973)	(4,960)	(4,969)	(4,956)
	<u>26</u>	<u>39</u>	<u>25</u>	<u>38</u>
Client portfolios				
Cost of acquisition of client portfolios	6,436	4,588	418	418
Less: Accumulated amortisation	(1,918)	(1,413)	(418)	(387)
	<u>4,518</u>	<u>3,175</u>	<u>-</u>	<u>31</u>
Goodwill				
Goodwill on acquisition	5,521	4,962	125	125
Less: Accumulated amortisation	(464)	(464)	-	-
	<u>5,057</u>	<u>4,498</u>	<u>125</u>	<u>125</u>
	<u>9,600</u>	<u>7,712</u>	<u>151</u>	<u>194</u>

16 Non-current assets – Intangible assets (continued)

(a) Movements

Movements in each category are set out below:

	Consolidated			
	Acquisition of client portfolios \$'000	RESTATED Goodwill on acquisition \$'000	Capitalised Computer software * \$'000	RESTATED Total \$'000
At 1 July 2012				
Cost	4,075	4,785	5,363	14,223
Accumulated amortisation and impairment	(978)	(464)	(5,349)	(6,791)
Net book amount	<u>3,097</u>	<u>4,321</u>	<u>14</u>	<u>7,432</u>
Year ended 30 June 2013				
Opening net book amount	3,097	4,321	14	7,432
Additions	591	177	36	804
Disposals/write off	(78)	-	-	(78)
Impairment charge	-	-	-	-
Amortisation charge	(435)	-	(11)	(446)
Closing net book amount	<u>3,175</u>	<u>4,498</u>	<u>39</u>	<u>7,712</u>
At 30 June 2013				
Cost	4,588	4,962	4,999	14,549
Accumulated amortisation and impairment	(1,413)	(464)	(4,960)	(6,837)
Net book amount	<u>3,175</u>	<u>4,498</u>	<u>39</u>	<u>7,712</u>
Year ended 30 June 2014				
Opening net book amount	3,175	4,498	39	7,712
Additions **	1,848	559	-	2,407
Disposals/write off	-	-	-	-
Impairment charge	-	-	-	-
Amortisation charge ***	(505)	-	(13)	(518)
Closing net book amount	<u>4,518</u>	<u>5,057</u>	<u>26</u>	<u>9,600</u>
At 30 June 2014				
Cost	6,436	5,521	4,999	16,956
Accumulated amortisation and impairment	(1,918)	(464)	(4,973)	(7,355)
Net book amount	<u>4,518</u>	<u>5,057</u>	<u>26</u>	<u>9,600</u>

* Capitalised computer software costs includes an internally generated intangible asset. The assets in this category have been amortised on the basis of a 5 year useful life.

** Based on provisional accounting for the identifiable intangible assets acquired in the business combinations in the current year.

*** Amortisation of \$518,000 (2013: \$446,000) is included in depreciation, amortisation and impairment expense in the statement of comprehensive income.

(b) Impairment tests for goodwill and client portfolios

Goodwill and client portfolios are allocated to the Group's cash-generating units (CGUs) identified according to business segment. The recoverable amount of a CGU is determined based on market value calculations. These calculations use recurring income measures consistent with market valuations of similar financial services businesses.

16 Non-current assets – Intangible assets (continued)

(c) Impact of possible changes in key assumptions

Changes in assumptions made in the assessment of impairment of goodwill relate to updating the earnings multiple used to estimate sustainable revenues. These assumptions are compared to market each year and adjusted appropriately.

(d) Impairment charge

There has been no impairment charge recorded against goodwill during the financial year ended 30 June 2014 (2013: Nil).

(e) Business Acquisitions

Summary of acquisitions

During the year the Group made the following acquisition:

Acquisition	Financial Planning	Financial Planning	Business Services
Fiducian entity	Fiducian Financial Services Pty Ltd	Fiducian Financial Services Pty Ltd	Fiducian Business Services Pty Ltd
Date	31 March 2014	1 April 2014	6 November 2013
Purchased	Client Portfolio	Client Portfolio	Accountancy practice
Vendor staff employed by Group	No	Yes	Yes
Maximum purchase price	\$381,469	\$1,312,500	\$169,100
Paid by 30 June 2014	\$296,407	\$443,750	\$104,876
Deferred consideration at 30 June 2014	\$85,062	\$868,750	\$64,224
Value attributed on the Statement of Financial Position at 30 June 2014	100%	100%	100%
Business combination or asset only	Business Combination	Business Combination	Business Combination
Provisional Fair value of assets recognized as a result of acquisition are as follows:-			
Intangible assets	\$381,469	\$1,312,500	\$169,100
Deferred Tax liabilities	(114,441)	(393,750)	(50,730)
Net Identifiable assets acquired	<u>\$267,028</u>	<u>\$918,750</u>	<u>\$118,370</u>
Goodwill	<u>\$114,441</u>	<u>\$393,750</u>	<u>\$50,730</u>
Net Assets Acquired	<u>\$381,469</u>	<u>\$1,312,500</u>	<u>\$169,100</u>

The acquired businesses did not contribute significantly to the group's current year profits. However if the acquisitions had taken place on 1 July 2013, management estimate a maximum revenue impact of \$ 726,690 for the year ended 30 June 2014. It is not practicable to estimate the profit contribution given the significant change in the cost bases to the operation of the business once within the Fiducian Group. The accounting for assets acquired in the business combinations have not been finalised as at the end of the reporting period and have been accounted for in these financial statements at provisional amounts. The accounting will be completed within the one year window allowed under AASB 3 Business combinations.

16 Non-current assets – Intangible assets (continued)

(f) Sensitivity Analysis

The estimates and judgements included in the fair value calculations are based on historical experience and other factors, including management's and the Director's expectations of future events that are believed to be reasonable under the current circumstances. There have been no impairment recognised for the Fiducian Group CGUs in the impairment assessment performed at 30 June 2014. Based on management's current assessment, the recoverable amount of Fiducian's CGU exceeds the carrying amount by \$5.2million. The Fiducian Group's CGU recoverable amount is sensitive to reasonably possible movements in key assumptions including changes to the earnings multiple of 3.1 used to determine the fair value of the CGU. Management has modelled below the impact of changes in these key assumptions with the following result :-

- if earning multiple were to decrease to 2.7, the CGU's recoverable amount would exceed carrying amount by \$3.4million.
- if earning multiple were to decrease to 2.9, the CGU's recoverable amount would exceed carrying amount by \$4.3million.

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
17 Current liabilities - Trade and other payables				
Trade payables	980	690	957	547
Other payables*	1,597	1,443	1,163	909
Amounts due to related entities	-	-	184	168
Client portfolio deferred settlement	897	94	-	-
Annual leave entitlements accrued	645	661	431	450
	<u>4,118</u>	<u>2,888</u>	<u>2,736</u>	<u>2,074</u>

Information about the Group's and the parent entity's exposure to credit and interest rate risk is shown in Note 34.

* Other payables includes retirement benefits payable to advisers covered under salary agreements with Fiducian Financial Services Pty Ltd. Under the terms of the agreement with certain long serving salaried financial planners, those planners are entitled to a service fee subsequent to their retirement from the Company, under conditions designed to protect the Company's client base. Eligibility to this service fee is based on service period and payment is subject to further ongoing conditions, including client retention, provision of support services to the entity to achieve this aim. The benefit is personal to the planner, is not transferable, can be stopped by or repaid to Fiducian Financial Services Pty Ltd should there be a breach of conditions, and will be reduced if the adviser purchases some or all of their client base at or after retirement. This arrangement has been accounted for in accordance with AASB 119 Employee Benefits.

18 Current liabilities - Current tax liabilities

Income tax	<u>1,173</u>	<u>292</u>	<u>390</u>	<u>277</u>
------------	--------------	------------	------------	------------

19 Non current liabilities - Trade and other payables

Client portfolio deferred settlement	<u>276</u>	<u>110</u>	<u>-</u>	<u>-</u>
--------------------------------------	------------	------------	----------	----------

20 Non-current liabilities – Deferred tax liabilities

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit and loss</i>				
Depreciation and amortisation	1,313	897	-	9
Net deferred tax liabilities	<u>1,313</u>	<u>897</u>	<u>-</u>	<u>9</u>

20 Non-current liabilities – Deferred tax liabilities (continued)

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Movements:				
Opening balance 1 July	897	841	9	21
Taken to the statement of comprehensive income	(143)	(121)	(9)	(12)
Arising on Business combination	559	177	-	-
Closing balance 30 June	<u>1,313</u>	<u>897</u>	<u>-</u>	<u>9</u>
Deferred tax liabilities likely to be settled within 12 months	132	129	-	9
Deferred tax liabilities likely to be settled after 12 months	1,181	768	-	-
	<u>1,313</u>	<u>897</u>	<u>-</u>	<u>9</u>

21 Non-current liabilities – Provisions

Employee benefits - long service leave	<u>947</u>	<u>836</u>	<u>717</u>	<u>598</u>
--	------------	------------	------------	------------

The provision for long service leave includes all pro-rata entitlements where employees have not yet completed the required period of service and also those where employees are entitled to pro-rata payments. The entire amount is presented as non-current as no material amounts are expected to be settled within the next 12 months.

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
22 Contributed equity				
(a) Share capital				
Ordinary shares – fully paid	6,086	7,141	6,086	7,141
Treasury shares	150	4	150	4
	<u>6,236</u>	<u>7,145</u>	<u>6,236</u>	<u>7,145</u>

(b) Movements in ordinary share capital and treasury shares

Date	Details	Number of Shares	Average price	\$'000
1 July 2012	Opening Balance	31,805,231		7,395
	Shares bought back on-market and cancelled	(255,462)	\$0.96	(245)
	Shares bought back on-market prior to 1 July 2012 but cancelled subsequent to that date	(13,300)		-
	Treasury Shares	(4,040)	\$1.12	(4)
	Buy-back transaction costs	-		(1)
30 June 2013	Balance	<u>31,532,429</u>		<u>7,145</u>
	Shares bought back on-market and cancelled	(679,961)	\$1.11	(755)
	Buy Back transaction costs			(4)
	Treasury shares	(94,571)	\$1.58	(150)
30 June 2014	Balance	<u>30,757,897</u>		<u>6,236</u>

(c) Ordinary shares and treasury shares

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

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

(d) Share buy-back

Between July 2013 and June 2014 the company purchased and cancelled ordinary shares on-market in order to reduce the company's capital and surplus liquidity, as originally announced in 2005 and last extended on 27 March 2014. During the financial year the shares were acquired at an average price of \$1.17 per share, with prices ranging from \$1.01 to \$1.63. The net cost of \$909,170 of transaction costs, was deducted from equity.

At 30 June 2014, 488,468 shares remained available to be repurchased under the most recently announced buy back notice to the ASX.

(e) Options

Information relating to Fiducian Portfolio Services Employee & Director and Adviser Option Plans and options issued, exercised and lapsed during the year is set out in Note 26.

22 Contributed equity (continued)**(f) Capital risk management**

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, to continue to meet externally imposed capital requirements of APRA and ASIC under their Responsible Superannuation Entity (RSE) Licence and their Australian Financial Services (AFS) Licence respectively, and to continue to provide returns to shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders via an on-market share buy back, or issue new shares upon exercise of outstanding options. There has been no borrowing to maintain capital adequacy.

The externally imposed requirements are:

- a. Under its AFS Licence, the parent entity must be a body regulated by APRA.
- b. Under its APRA RSE Licence, the RSE must maintain \$100,000 cash at all times.

The requirement under the RSE licence is maintained by placing cash on deposit with an ADI. The requirement under the AFS licence is monitored monthly when management accounts are prepared, and is reported to the Board monthly and the External Compliance & Risk Committee at each meeting.

The average NTA margin throughout the year over the requirement of \$5,000,000 is \$2,510,000 (2013: \$4,060,000).

23 Reserves

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Movements				
Share based payments reserve				
Balance 1 July	75	217	75	217
Option expense	19	-	19	-
Option lapses	(68)	(142)	(68)	(142)
Transfer to share capital (options exercised)	-	-	-	-
Balance 30 June	<u>26</u>	<u>75</u>	<u>26</u>	<u>75</u>
The share based payments reserve is used to recognise the fair value of options issued but not exercised.				
Foreign currency translation				
Balance 1 July	-	2	-	-
Currency translation difference arising during the year	-	(2)	-	-
Balance 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reserves	<u>26</u>	<u>75</u>	<u>26</u>	<u>75</u>

24 Retained profits

Movements in retained profits were as follows:

Balance 1 July	11,502	9,980	10,583	9,019
Net profit for the year	3,983	3,392	2,708	3,434
Dividends paid (Note 8)	(2,396)	(1,870)	(2,396)	(1,870)
Balance 30 June	<u>13,089</u>	<u>11,502</u>	<u>10,895</u>	<u>10,583</u>

25 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Short-term employee benefits	760,417	688,464	760,417	688,464
Post employment benefits	30,743	30,355	30,743	30,355
Share-based payments	18,981	-	18,981	-
	<u>810,141</u>	<u>718,819</u>	<u>810,141</u>	<u>718,819</u>

Detailed remuneration disclosures are provided in sections A-E of the Remuneration Report contained in the Directors' Report.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the Remuneration Report.

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Fiducian Portfolio Services Limited, including their personally related and associated entities, are set out below. During the period 100,000 shares were granted to Mr I Singh as compensation in respect of the previous year.

2014						
Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh	55,000	-	100,000	(15,000)	140,000	40,000

3,500 Adviser options, issued in prior years, held by an entity in which F Khouri has an interest have lapsed during the year.

25 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(ii) Option holdings (continued)

2013						
Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh	155,000	-	-	(100,000)	55,000	55,000
F Khouri *	-	-	-	-	-	-

* 3,500 Adviser options issued in prior years were held by an entity in which F Khouri has an interest.

(iii) Shareholdings

The numbers of shares in the company held during the financial year by each director of Fiducian Portfolio Services Limited, including their personally related and associated entities, are set out below. There were no shares granted during the period as compensation.

2014				
Name	Balance at the start of the year	Received during the year on the exercise of director options	Other changes during the year	Balance at the end of the year
I Singh	10,113,012	-	49,500	10,162,512
R E Bucknell	900,000	-	(100,000)	800,000
F Khouri	226,373	-	25,000	251,373
C Stone	20,000	-	3,700	23,700

2013				
Name	Balance at the start of the year	Received during the year on the exercise of director options	Other changes during the year	Balance at the end of the year
I Singh	10,012,415	-	100,597	10,113,012
R E Bucknell	900,000	-	-	900,000
F Khouri	226,373	-	-	226,373
C Stone	-	-	20,000	20,000

25 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

Shares provided on exercise of options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to the Managing Director of Fiducian Portfolio Services Limited, as key management person of the Group, during the period (2013: Nil). No entities with which directors have interests have exercised any Adviser options during the year (2013: Nil). No amounts are unpaid on any shares issued on the exercise of options.

(c) Loans to directors

No loans were made to directors during the financial year (2013: Nil).

(d) Other transactions with key management personnel

A director, Mr R E Bucknell, is a director and shareholder of Hunter Place Services Pty Ltd, a company which provides his services as a director to the company.

A director, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd. Hawkesbury Financial Services Pty Ltd places business with and receives financial planning remuneration from the Group. All transactions are on normal commercial terms and conditions.

A director, Mr C Stone, was paid director's fees for his personal contribution to the Board.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Portfolio Services Limited :

	Consolidated	
	2014	2013
	\$	\$
Amounts recognised as an expense		
Directors' fees and committee fees*	308,400	255,773
Financial planning fees paid or payable	209,142	213,712
	517,542	469,485

* Details of these fees and explanations for the increase have been provided in the Remuneration section in the Directors report.

25 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

Shares under option

Unissued ordinary shares of Fiducian Portfolio Services Limited under option at the date of this report are disclosed in Note 26 of the financial report.

No option holder has any right under the options to participate in any other share issue of the company or any other entity until after the exercise of the option.

Shares issued on the exercise of options

The details of ordinary shares of Fiducian Portfolio Services Limited issued during the year ended 30 June 2014 on the exercise of options granted under the Fiducian Portfolio Services Limited Employee & Director Share Option Plan and the Adviser Share Option Plan are disclosed under Note 26 to the financial report.

(c) Loans to Key management personnel

	Balance at the start of the year	Interest paid / payable for the year	Balance at the end of the year	Number of KMP in this aggregation
	\$	\$	\$	
Aggregate details of business development and staff loans made to Key management personnel of the Group , including their close family members and entities related to them	76,333	4,210	77,902	2

Business development and staff loans have been made at arm's length and at the same terms and conditions provided to other franchisees and staff.

26 Share based payments

(a) Employee and director share option plan (ESOP)

The establishment of the Fiducian Portfolio Services Limited ESOP was approved by shareholders at the 2000 annual general meeting. The ESOP is designed to provide long-term incentives for senior managers and directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The parent entity has established the ESOP, which is designed to provide incentives to employees and directors. All grants of options under the ESOP are subject to compliance with the Corporations Act 2001 and ASX Listing Rules.

The directors may, from time to time, determine which employees and directors may participate in the ESOP, and the number of options that may be issued to them. The directors have an absolute discretion to determine who will participate and the number of options that may be issued. The ESOP provides for an upper limit on the number of options that may be outstanding, the exercise price, exercise period and expiry, and adjustments in the event of capital restructuring. The directors have resolved that the ESOP no longer applies to non-executive directors.

Options are granted under the plan for no consideration. Employee options are granted for a five year period where 35% vest after one year, a further 45% vest after two years and the balance vest after three years. Director options vest after one year. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share on payment of the exercise price.

The exercise price of options is based on the volume weighted average price at which the company's shares are traded on the Australian Securities Exchange during the month preceding the date the options are granted. Other than options issued to the executive director as detailed in the paragraph below , during the year the directors determined not to issue any options (2013: Nil) to staff , and 155,000 employee options expired (2013: 110,000) over the period.

26 Share based payments (continued)

(a) Employee and director share option plan (ESOP) (continued)

Subject to prior approval by shareholders, the company may issue each year a maximum of 100,000 options to the executive director for each year of service, subject to performance criteria. Subject to this approval, the Directors have resolved to issue 100,000 options at an exercise price of \$ 1.63 (2013: 100,000 options at \$1.05) to the executive director in respect of the year ended 30 June 2014.

(b) Adviser share option plan (ASOP)

The parent entity established the ASOP to provide incentives to financial planning groups to reflect their ongoing commitment by way of contributions of income to the parent entity. All grants of options under the ASOP are subject to compliance with the Corporations Act 2001 and ASX Listing Rules. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share on payment of the exercise price.

The ASOP has not been extended beyond June 2011. Options were granted for no consideration. The total Adviser options issued since inception total 6,847,517. During the year 20,270 Adviser options lapsed leaving no further options on issue.

Set out below are summaries of options granted under various option plans:

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and Exercisable at end of the year Number
Consolidated and parent entity - 2014								
ESOP - Managing Director - Note 26(a)								
29 Oct 2008	29 Oct 2013	\$ 2.30	15,000	-	-	(15,000)	-	-
27 Oct 2010	29 Oct 2015	\$ 1.28	40,000	-	-	-	40,000	40,000
23 Oct 2013	23 Oct 2018	\$ 1.05	-	100,000	-	-	100,000	-
			55,000	100,000	-	(15,000)	140,000	40,000
ESOP - Staff - Note 26(a)								
27 Aug 2008	27 Aug 2013	\$ 2.30	155,000	-	-	(155,000)	-	-
			155,000	-	-	(155,000)	-	-
ASOP - Advisers - Note 26(b)								
30 Sept 2008	30 Sept 2013	\$ 2.70	20,270	-	-	(20,270)	-	-
			20,270	-	-	(20,270)	-	-
Total			230,270	100,000	-	(190,270)	140,000	40,000
Weighted average exercise price			\$2.16	\$1.05	\$ -	\$2.34	\$1.12	\$1.28

The volume weighted average remaining contractual life of share options outstanding at the end of the period was 3.46 years (2013 : 0.56 years).

Fiducian Portfolio Services Limited

ACN 073 845 931

Notes to the financial statements (continued)

For the year ended 30 June 2014

26 Share based payments (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number	Vested and Exercisable at end of the year Number
Consolidated and parent entity - 2013								
ESOP - Managing Director - Note 26(a)								
30 Oct 2007	30 Oct 2012	\$ 2.65	100,000	-	-	(100,000)	-	-
29 Oct 2008	29 Oct 2013	\$ 2.30	15,000	-	-	-	15,000	15,000
27 Oct 2010	29 Oct 2015	\$ 1.28	40,000	-	-	-	40,000	40,000
			155,000	-	-	(100,000)	55,000	55,000
ESOP - Staff - Note 26(a)								
31 Jul 2007	31 Jul 2012	\$ 2.65	110,000	-	-	(110,000)	-	-
27 Aug 2008	27 Aug 2013	\$ 2.30	155,000	-	-	-	155,000	155,000
			265,000	-	-	(110,000)	155,000	155,000
ASOP - Advisers - Note 26(b)								
30 Sept 2007	30 Sept 2012	\$ 3.45	22,042	-	-	(22,042)	-	-
30 Sept 2008	30 Sept 2013	\$ 2.70	20,270	-	-	-	20,270	20,270
			42,312	-	-	(22,042)	20,270	20,270
Total			462,312	-	-	(232,042)	230,270	230,270
Weighted average exercise price			\$2.44	\$0.00	\$ -	\$2.73	\$2.16	\$2.16

26 Share based payments (continued)

Fair value of options granted

During the year ended 30 June 2014 100,000 options (2013: Nil) were issued to the Managing Director in respect of the prior year. The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options are granted for no consideration, have a five year life .

The model inputs for options granted during the year ended 30 June 2014 included:

	ESOP - Director 2014
(a) exercise price	1.05
(b) grant date:	23 Oct 2013
(c) expiry date:	23 Oct 2018
(d) share price at grant date:	1.15
(e) expected price volatility of the company's shares:	35% -
(f) expected dividend yield:	5.95%
(g) risk-free interest rate:	2.50%
(h) lapse (exit) rate	0%

The expected price volatility is based on the historic volatility at grant date (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Options issued , net of lapses	<u>(48,235)</u>	<u>(142,165)</u>	<u>(48,235)</u>	<u>(142,165)</u>

Fiducian Portfolio Services Limited

ACN 073 845 931

Notes to the Financial Statements (continued)**For the year ended 30 June 2014**

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$

27 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Audit services**PricewaterhouseCoopers Australian firm:**

Audit and review of financial reports	104,206	100,682	86,206	97,470
Other audit related work, including audit of entities for which the parent entity is trustee, manager or responsible entity (gross of any amounts reimbursed)	337,590	328,168	337,590	328,168
Total remuneration	<u>441,796</u>	<u>428,850</u>	<u>423,796</u>	<u>425,638</u>

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important.

28 Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2014 in respect of bank guarantees for property leases of parent and group entities amounting to \$438,000 (2013: \$438,000).

29 Commitments for expenditure

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(a) Capital expenditure				
Commitments payable within one year	-	-	-	-
(b) Operating leases				
The Group leases various offices under non-cancellable operating leases expiring within 12 months to four years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.				
Within one year	1,030	539	856	472
Later than one year but not later than 5 years	4,670	5,934	4,380	5,587
	<u>5,700</u>	<u>6,473</u>	<u>5,236</u>	<u>6,059</u>

30 Related party transactions

(a) Parent entity

The parent entity within the Group is Fiducian Portfolio Services Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 12.

The consolidated financial report incorporate the assets, liabilities and results of Fiducian Financial Services Pty Ltd and Fiducian Business Services Pty Ltd in accordance with the accounting policy described in Note 1(b).

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 25.

(d) Transactions with related parties

(i) Transactions between Fiducian Portfolio Services Limited and other entities in the wholly-owned group

- a. Financial planning fees paid by Fiducian Portfolio Services Limited
- b. Provision of software by Fiducian Portfolio Services Limited
- c. Recovery of group costs, such as insurance, by Fiducian Portfolio Services Limited
- d. Collection of fees by AFS licensed companies on behalf of other members of the group.
- e. Dealer service fees paid by Fiducian Portfolio Services Limited

The above transactions were on normal commercial terms and conditions and at market rates.

(ii) Transactions with related parties of directors

- a. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with the directors
- b. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with relatives of the directors

The above transactions were on normal commercial terms and conditions and at market rates.

30 Related party transactions (continued)

(d) Transactions with related parties (continued)

The following transactions occurred with related parties:

	Ownership interest ¹	Consolidated		Parent Entity	
		2014 \$	2013 \$	2014 \$	2013 \$
Wholly owned group					
Fiducian Financial Services Pty Ltd	100%				
<i>Dealer service fees paid</i>		-	-	2,214,000	-
<i>Financial planning fees paid</i>		-	-	4,987,900	4,540,590
<i>Expenses paid and systems costs recovered</i>		-	-	-	198,574
Related trusts					
Fiducian Investment Service <i>Operator fees income</i>	Nil	2,746,796	3,267,050	2,746,796	3,267,050
Fiducian Superannuation Service <i>Trustee fees income</i>	Nil	8,373,323	11,160,514	8,373,323	11,160,514
<i>Expense recovery</i>		2,923,670	1,935,071	1,935,071	1,935,071
Fiducian Funds <i>Responsible entity fees income</i>	Nil	3,566,835	3,142,321	3,566,835	3,142,321
<i>Expense recovery</i>		270,000		270,000	
Entities associated with directors or their relatives					
Hawkesbury Financial Services Pty Ltd ² <i>Financial planning fees paid</i>		209,142	213,712		
Fiducian Financial Services Bondi Junction Pty Ltd ³ <i>Financial planning fees paid</i>		130,354	141,173		

¹ "Ownership Interest" means the percentage of capital of the company held directly and/or indirectly through another entity by

Fiducian Portfolio Services Limited

² Payments to Franchisee associated with a director, F Khouri in the normal course of business in arms length transactions.

³ Payments to Franchisee associated with James Bucknell, relative of RE Bucknell, in the normal course of business in arms length transactions.

30 Related party transactions (continued)

(e) Outstanding balances arising from sales / purchases of services provided

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

	Parent Entity	
	2014	2013
	\$	\$
Current receivables (sales of goods and services)	3,506,280	3,937,630
Current receivables (income from related trusts)	1,660,045	1,663,141
	<u>5,166,325</u>	<u>5,600,771</u>
Current payables (purchases of goods and services)	<u>184,217</u>	<u>168,047</u>

No provisions for doubtful receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad and doubtful receivables due from related parties.

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

	Consolidated		Parent Entity	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Profit for the year	3,983	3,392	2,708	3,434
Non-cash employee (expense)/ benefit	45	(426)	50	(340)
Dividend and investment income	-	(21)	-	(21)
Depreciation and amortisation	682	582	141	150
Net (gain) loss on sale of non-current assets	(24)	(5)	(25)	-
<i>Changes in operating assets and liabilities:</i>				
Change in accounts receivable	(149)	481	(396)	694
Change in income tax payable	881	321	113	290
Change in other assets at fair value	9	24	9	24
Change in trade creditors	290	25	410	(49)
Change in other creditors	154	541	254	239
Change in related entities balance	-	-	435	(1,211)
Change in deferred income tax asset	134	13	29	7
Change in deferred income tax liability	(142)	(122)	(9)	(12)
		-		-
Net cash inflow from operating activities	<u>5,864</u>	<u>4,805</u>	<u>3,719</u>	<u>3,205</u>

32 Earnings per share

RESTATED

Consolidated
2014

2013

Earnings per share using weighted average number of ordinary shares outstanding during the period:

(a) Basic earnings per share (in cents)

Profit from continuing operations attributable to the ordinary equity of the company

12.81 10.33

(b) Diluted earnings per share (in cents)

Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company

12.75 10.24

(c) Weighted average number of shares used as the denominator

Consolidated

2014
Number

2013
Number

Weighted average number of shares used as the denominator:

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

31,015,853 31,667,435

Adjustments for calculation of diluted earnings per share:

Options

142,958 278,867

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

31,158,811 31,946,302

(d) Reconciliation of earnings used in calculating basic and diluted earnings per share

Consolidated

2014
\$'000

2013
\$'000

Net profit and earnings used calculating basic and diluted earnings per share

3,983 3,392

(e) Information concerning the classification of securities

Options granted to employees under the Fiducian Portfolio Services Limited Employee Share Option Plan (ESOP) and Adviser Share Option Plan (ASOP) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 26.

33 Events occurring after balance date / reporting date

Under the Rules of the Employee and Director Share Option Plan and subject to shareholder approval, the Directors have offered 100,000 options to the Managing Director after year end (2013: 100,000). At the date of this report all employee options have now lapsed (2013: 155,000).

To the date of this report, the Company has not bought back any shares on the market (2013: 81,000 shares at an average price of \$1.03).

34 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group and parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assets				
Cash and cash equivalents	11,194	9,440	8,046	7,536
Trade and other receivables	4,939	4,890	8,009	8,123
Financial assets at fair value through profit or loss	106	155	106	155
	<u>16,239</u>	<u>14,485</u>	<u>16,161</u>	<u>15,814</u>
Financial liabilities				
Trade and other payables	<u>4,394</u>	<u>2,998</u>	<u>2,736</u>	<u>2,074</u>

(a) Market risk

(i) Foreign exchange risk

The Group has limited operations outside Australia and is not exposed to any material foreign exchange risk.

34 Financial risk management (continued)

(ii) Price risk

The Group and parent entity are exposed to movements in financial markets. This arises from (a) unlisted investments held by the Group and classified on the statement of financial position at fair value through profit or loss, and (b) from the derivation of fees for the management of investment and superannuation funds.

Price risk on unlisted investments is discussed in Note 13 and sensitivity analysis is conducted on the upper range of outcomes of -10%. It is unlikely this investment will increase in value.

To minimise its price risk the Group and parent entity offer a range of investment funds in a variety of domestic and international equities, property and fixed interest securities, and across a number of investment managers. Exposure to these funds is driven by clients and their financial planners. Not all of the funds are publicly traded or invest in publicly traded securities. Sensitivity analysis is therefore based on the assumption that all funds under advice, administration and management had increased or decreased by 10% (2013: - 10%) against actual market movements, with all other variables held constant other than financial planning fees that are paid out of such income.

	Impact on post-tax profit		Impact on equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue impact from -10% movement in valuation of unlisted unit trusts	(11)	(16)	(11)	(16)
Revenue impact from +/- 10% movement in funds under administration and management	1,277	1,568	1,277	1,568

(iii) Interest rate risk

The Group's main interest rate risk arises from deposits in Australian Dollars, and short term loans to staff and planners. The group has no borrowings.

	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash at bank and on deposit	2.1%	11,194	2.8%	9,440
Staff & financial planner loans	5.3%	2,268	5.1%	2,365
		<u>13,462</u>		<u>11,805</u>

Bank deposits are at call and staff and planner loans have terms extending between 1 and 7 years, and may be repayable sooner in certain circumstances. Interest rates are reviewed and adjusted at least quarterly.

The Group's main interest rate risk arises from cash and cash equivalents with variable interest rates. At 30 June 2014 if interest rates change by +/- 100 basis points (2013: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would have been \$94,000 higher or lower (2013: \$83,000).

34 Financial risk management (continued)

(b) Credit risk

The Group and parent entity have negligible credit risk from receivables, as management fee and financial planning income is received within one month of it falling due, and financial planning fees are only paid following the receipt of this income.

The credit quality of other financial assets can be assessed against external credit ratings as follows:

	Consolidated		Parent entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and cash equivalents				
AA	-	-	-	-
AA-	11,194	9,440	8,046	7,536
BBB+	-	-	1,000	-
	<u>11,194</u>	<u>9,440</u>	<u>9,046</u>	<u>7,536</u>
Investment in related trust				
Unrated	<u>106</u>	<u>155</u>	<u>106</u>	<u>155</u>
Loans to staff and financial planners				
Unrated	<u>2,268</u>	<u>2,365</u>	<u>2,268</u>	<u>2,365</u>

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on this page.

(c) Liquidity risk

The Group and parent entity maintain sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements. The group has no undrawn credit or other borrowing facilities in place.

	Consolidated		Parent entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Due in less than 1 year	4,118	2,888	2,737	2,074
Due between 1 and 2 years	<u>276</u>	<u>110</u>	<u>-</u>	<u>-</u>
	<u>4,394</u>	<u>2,998</u>	<u>2,737</u>	<u>2,074</u>

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurements or for disclosure purposes.

Fiducian Portfolio Services Ltd has adopted the amendment to AASB 7 Financial Instruments:

Disclosures which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

34 Financial risk management (continued)
(d) Fair value estimation (continued)

The following table presents the group's and the parent entity's assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 30 June 2014.

Parent and Group - at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Recurring Fair Value measurements</i>				
Assets				
Other financial assets at fair value through profit or loss				
Investment in related trust	-	-	106	106
Total assets	-	-	106	106

Parent and Group - at 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Recurring Fair Value measurements</i>				
Assets				
Other financial assets at fair value through profit or loss				
Investment in related trust	-	-	155	155
Total assets	-	-	155	155

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. The Group holds none of these investments.

The fair value of financial instruments that are not traded in an active market (for example, debt investments and derivative financial instruments) is determined using valuation techniques. These instruments are included in level 2. The Group held none of these investments during the year.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The Group's accounting policy is to value the investment in related trust at fair value through profit or loss, this has been made difficult as a result of a redemption freeze. The Group has performed a review at 30 June 2014 which focussed on directional movements in the credit quality of the investments held by the underlying fund managers since the prior year, as well as monitoring the underlying funds for indicators of impairment. From this review the Group believes the value recorded represents fair value, with reasonably possible changes in fair value shown in Note 34(a)(ii).

34 Financial risk management (continued)

(d) Fair value estimation (continued)

The following table presents the changes in level 3 instruments for the year ended 30 June 2014:

Parent and Group	2014	2013
	\$'000	\$'000
Investment in related trust -		
Opening balance	155	275
Transfers in to level 3	-	-
Capital distribution	(40)	(96)
Fair value(Loss) recognised in Statement of Comprehensive Income	(9)	(24)
	<u>106</u>	<u>155</u>

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term financial liabilities for disclosure purposes is estimated by nature. The fair value of discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group and parent company's assets and liabilities not measured at fair value at 30 June 2014 but for which fair value is disclosed:-

Group - at 30 June 2014	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	11,194	-	-	11,194
Trade and other receivables (excluding loans)	-	-	2,671	2,671
Business development and staff loans	-	-	1,672	1,672
Total assets	<u>11,194</u>	<u>-</u>	<u>4,343</u>	<u>15,537</u>
Liabilities				
Trade and other payables	-	-	4,553	4,553
Total liabilities	<u>-</u>	<u>-</u>	<u>4,553</u>	<u>4,553</u>
Parent - at 30 June 2014	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	8,046	-	-	8,046
Trade and other receivables (excluding loans)	-	-	5,728	5,728
Business development and staff loans	-	-	1,672	1,672
Total assets	<u>8,046</u>	<u>-</u>	<u>7,400</u>	<u>15,446</u>
Liabilities				
Trade and other payables	-	-	2,801	2,801
Total liabilities	<u>-</u>	<u>-</u>	<u>2,801</u>	<u>2,801</u>

Assets and liabilities included in this table are carried at amortised cost; their carrying value are a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand, deposits held with bank and other short term investments in an active market.

Trade receivables include the contractual amount for settlement of the trade debts due to the Group /Company . The carrying amount of the trade receivables are assumed to approximate their fair values due to their short term nature.

Trade and other payables include amounts due to creditors and accruals and represent the contractual amounts and obligations due by the Company for expenses. The carrying amount of the trade and other payables are assumed to approximate the fair value due to their short term nature.

Business development and staff loans represents contractual payments by advisers and staff over the period of loan. Loans classified as current have not been discounted as the carrying values are a reasonable approximation of fair value due to the short term nature.

Non current loans have been valued at the present value of estimated future cash flows discounted at the original effective interest rates of the loans.

35 Unconsolidated structured entities

A structured entity is an entity that has been designed so that the voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Company acts as Responsible entity ("RE") for the Fiducian funds and has significant influence over the funds due to its power to participate in financial and operating policies of the investee through the powers vested in it by the various contractual agreements. The Company considers all these funds to be structured entities. The Company receives management fees and netting fees from the funds in its capacity as RE of the funds. Except as indicated in Note 13, the Company does not invest in any of the funds it manages nor have any other forms of involvement such as the provision of funding, liquidity support or providing guarantees. Despite this, the Company has determined that it has an interest in the funds based on the variability of returns from management fees it receives linked to the net asset valuation of the respective funds.

The funds' objectives range from achieving medium to long term capital growth and their investment strategy does not include the use of leverage. The funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets.

The nature and extent of the Company's interest in the funds has been aggregated and is summarised below :-

Type of Fund	Accrued Income*	Financial Assets**	Maximum Exposure to Loss	Fund Net Asset Value	Fund's Invest- ment Portfolio
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Australian Equity Funds	133	-	133	326,974	337,067
Global Equity Funds	59	-	59	210,226	211,732
Property Fund	20	-	20	62,152	64,147
Diversified Funds	76	-	76	454,426	460,228
Technology Fund	26	-	26	20,210	20,330
Structured Income Fund	3	106	109	11,885	12,891
Fixed Interest Fund	-	-	-	72,620	72,871

*= shown as Other receivables in the Current Assets line under trade and other receivables subheading in the Statement of Financial Position.

**= shown as Non current assets - Other financial assets at fair value though profit and loss (refer to Note 13 for details).

Unless specified otherwise, the Company's maximum exposure to loss is the total of its on-balance sheet position as at the reporting date. There are no additional off balance sheet arrangements which would expose the Company to potential loss.

During the year the company earned management fees and netting fees from the structured entities.

The Company also acts as the trustee of the Fiducian Superannuation Service under the provisions of the Trust deed for the fund. Due to its fiduciary and statutory obligations to manage the assets of the trust on behalf of the beneficiaries, the Company exercises significant influence over the superannuation fund and therefore the superannuation fund is considered a structured entity as defined above. For its service the Company receives a management fee for managing the investment from the members of the fund. In addition to this the Company is entitled to reimbursement of expenses incurred by it in the operation of the service (for details refer to note 6).

The nature and extent of the Company's interest in the fund is summarised below :-

Type of Fund	Accrued Income	Financial Assets**	Maximum Exposure	Fund Net Asset Value	Fund's Invest- ment Portfolio
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Fiducian Superannuation Service	1,272	-	1272	782,272	781,593

36 Restatement of comparatives

Following a review of the accounting for business combinations during the year, Management ascertained that the deferred tax liability component of acquisitions had not been properly recognised in the books of account in relation to the client portfolio intangible. Impact of changing this accounting would result in the recognition of Goodwill and a corresponding recognition of deferred income tax liability for each acquisition. Management has decided to retrospectively restate 2013 comparatives and the opening balance sheet as at 1 July 2012 to reflect the change. The net impact on the current year statement of comprehensive income has been a nominal reduction of tax expense to reflect the unwinding of the deferred tax liability relating to taxable temporary differences. The impact on the 2013 comparatives and the opening balance sheet as at 1 July 2012 has been summarised below:-

	2013 \$'000s Published	Consolidated Adjustment	2013 \$'000s Restated	2013 \$'000s Published	Parent Adjustment	2013 \$'000s Restated
Statement of Comprehensive Income (relevant excerpts)						
Profit before income tax expense	4,763		4,763	4,843		4,843
Income tax expense	(1,493)	(122)	(1,371)	(1,421)	(12)	(1,409)
Profit for the year	3,270	(122)	3,392	3,422	(12)	3,434
Total comprehensive income	<u>3,270</u>	<u>(122)</u>	<u>3,392</u>	<u>3,422</u>	<u>(12)</u>	<u>3,434</u>
Statement of Financial Position (relevant excerpts)						
Non-current assets						
Receivables	2,141		2,141	2,141		2,141
Other financial assets				3,875		3,875
Other financial assets at fair value through profit or loss	155		155	155		155
Property, plant and equipment	598		598	184		184
Deferred tax assets	950		950	694		694
Intangible assets	6,413	1,299	7,712	69	125	194
Total Non-Current Assets	<u>10,257</u>	<u>1,299</u>	<u>11,556</u>	<u>7,118</u>	<u>125</u>	<u>7,243</u>
Total assets	<u>22,446</u>	<u>1,299</u>	<u>23,745</u>	<u>20,636</u>	<u>125</u>	<u>20,761</u>
Non-current liabilities						
Payables non current	110		110	-		
Deferred tax liabilities	-	897	897	-	9	9
Provisions	836		836	598		598
Total Non-Current Liabilities	<u>946</u>	<u>897</u>	<u>1,843</u>	<u>598</u>	<u>9</u>	<u>607</u>
Total liabilities	<u>4,126</u>	<u>897</u>	<u>5,023</u>	<u>2,949</u>	<u>9</u>	<u>2,958</u>
Net assets	<u>18,320</u>	<u>402</u>	<u>18,722</u>	<u>17,687</u>	<u>116</u>	<u>17,803</u>
EQUITY						
Contributed equity	7,145		7,145	7,145		7,145
Reserves	75		75	75		75
Retained profits	11,100	402	11,502	10,467	116	10,583
Total equity	<u>18,320</u>	<u>402</u>	<u>18,722</u>	<u>17,687</u>	<u>116</u>	<u>17,803</u>

36 Restatement of comparatives (continued)

	Consolidated		Parent		
	2013	Adjustment	2013	Adjustment	2013
	\$'000s		\$'000s		\$'000s
	Published		Restated	Published	Restated
Statement of Changes in Equity					
Retained Earnings					
Balance as at 1 July 2012	9,700	280	9,980	8,915	9,019
Profit for the year	3,270	122	3,392	3,422	3,434
Total comprehensive income for the year	<u>3,270</u>	<u>122</u>	<u>3,392</u>	<u>3,422</u>	<u>3,434</u>
<i>Transactions with equity holders in their capacity as equity holders</i>					
Dividends provided for or paid	(1,870)	-	(1,870)	(1,870)	(1,870)
Total transactions with equity holders	<u>(1,870)</u>	<u>-</u>	<u>(1,870)</u>	<u>(1,870)</u>	<u>(1,870)</u>
Balance as at 30 June 2013	<u>11,100</u>	<u>402</u>	<u>11,502</u>	<u>10,467</u>	<u>10,583</u>

Note 3 Segment Information

Segment Assets					
Funds Management	20,595	125	20,720		
Financial Planning	8,291	867	9,158		
Business Services	1,752	307	2,059		
Intersegment eliminations	(8,192)	-	(8,192)		
	<u>22,446</u>	<u>1,299</u>	<u>23,745</u>		
Segment Liabilities					
Funds Management	2,950	9	2,959		
Financial Planning	3,723	624	4,347		
Business Services	1,787	264	2,051		
Intersegment eliminations	(4,334)	-	(4,334)		
	<u>4,126</u>	<u>897</u>	<u>5,023</u>		

Note 20 Deferred tax liabilities

Movements:

Opening balance 1 July 2012	-	841	841	-	21	21
Credited to the statement of income	-	(121)	(121)	-	(12)	(12)
Arising on Business combination	-	177	177	-	-	0
Closing balance 30 June 2013	<u>-</u>	<u>897</u>	<u>897</u>	<u>-</u>	<u>9</u>	<u>9</u>

36 Restatement of comparatives (continued)

	Consolidated			Parent		
	2013 \$'000s Published	Adjustment	2013 \$'000s Restated	2013 \$'000s Published	Adjustment	2013 \$'000s Restated
Note 16 Intangible assets						
Goodwill						
Goodwill on acquisition	3,663	1,299	4,962	-	125	125
Less: Accumulated amortisation	(464)	-	(464)	-	-	-
	<u>3,199</u>	<u>1,299</u>	<u>4,498</u>	<u>-</u>	<u>125</u>	<u>125</u>
Total Intangible Assets	<u>6,413</u>	<u>1,299</u>	<u>7,712</u>	<u>69</u>	<u>125</u>	<u>194</u>

Note 32 Earnings per share

	2013 Published	Adjustment	2013 Restated
Earnings per share (in cents)			
(a) Basic earnings per share			
Profit from continuing operations	10.08	0.25	10.33
(b) Diluted earnings per share			
Profit from continuing operations	10.07	0.25	10.24
Net profit and earnings used calculating basic and diluted earnings per share	3,270	122	3,392

In the directors' opinion:

- (a) the financial statements and notes set out on pages 31 to 87 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.



I Singh
Director

Sydney,
26 August 2014



Independent auditor's report to the members of Fiducian Portfolio Services Limited

Report on the financial report

We have audited the accompanying financial report of Fiducian Portfolio Services Limited (the company), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Fiducian Portfolio Services Limited and Fiducian Portfolio Services Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



- (a) the financial report of Fiducian Portfolio Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 15 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Fiducian Portfolio Services Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Fiducian Portfolio Services Limited (the company) for the year ended 30 June 2014 included on Fiducian Portfolio Services Limited's web site. The company's directors are responsible for the integrity of Fiducian Portfolio Services Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Craig Stafford'.

Craig Stafford
Partner

Sydney
26 August 2014