

FIDUCIAN
PORTFOLIO SERVICES LIMITED

ABN 13 073 845 931

Financial Report

For the year ended
30 June 2017

Fiducian Portfolio Services Limited

Directors' report

The directors present their report for Fiducian Portfolio Services Limited (referred to hereafter as the Company) for the year ended 30 June 2017.

Directors

The following persons were directors of the Company during the financial year and up to the date of this report:

D Vaughan

F Khouri

B Lacey

L Tsitsis (resigned 30 June 2017)

S Venkatramani

R Martin

S Hallab

Principal activities

The principal continuing activity of the Company is to act as the trustee of the public offer superannuation fund, Fiducian Superannuation Service.

Significant changes in the state of affairs

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

Review of operations

The profit for the year after providing for income tax was \$695 (2016: \$4,072).

Dividend

The Company has paid a dividend of \$150,000 (2016: \$600,000) during the year.

Fiducian Portfolio Services Limited

Directors' report (continued)

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of the financial statements 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 company, the results of those operations or the state of affairs of the Company in subsequent years.

Likely developments and expected results of operations.

The directors have excluded information on likely developments in the operations of the Company 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 Company if this information was included.

Environmental regulation

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

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.
- (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.

For the year there is in place 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 directors: D Vaughan, F Khouri, B Lacey, R Martin, L Tsitsis, S Venkatramani, S Hallab and the previous directors and other officers of the Company.

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.

Fiducian Portfolio Services Limited

Directors' report (continued)

Auditor

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

Auditors' Independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

S Venkatramani
Director

Sydney,
25 August 2017

Auditor's Independence Declaration

Fiducian Portfolio Services Limited

Financial report – 30 June 2016

This financial report covers Fiducian Portfolio Services Limited as an individual entity and is presented in Australian dollars.

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

This financial report was authorised for issue by the directors on 25 August 2017. The Company has the power to amend and reissue this financial report.

Fiducian Portfolio Services Limited
Statement of Comprehensive Income
For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue	4	-	14,703,499
Other Income	5	3,802	7,322
Payments to advisors and service providers		-	(14,638,599)
Other expenses	6	(2,805)	(66,395)
Profit before income tax expenses		997	5,827
Income tax expenses	7	(302)	(1,755)
Profit for the year		695	4,072
Profit attributable to			
Continuing operations		695	4,072
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		695	4,072
Profit attributable to the Owners of Fiducian Portfolio Services Ltd		695	4,072

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

Fiducian Portfolio Services Limited
Statement of Financial Position
As at 30 June 2017

	Notes	2017	2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	242,728	453,937
Trade, other receivables and prepayments	10	329,395	1,516,250
Total Current Assets		572,123	1,970,187
Non- Current Assets			
		-	-
Total Assets		572,123	1,970,187
LIABILITIES			
Current Liabilities			
Trade and other payables	11	346,672	1,595,431
Total Current Liabilities		346,672	1,595,431
Non- Current Liabilities			
		-	-
Total Liabilities		346,672	1,595,431
Net Assets		225,451	374,756
EQUITY			
Contributed equity	12	200,000	200,000
Retained Profits	13	25,451	174,756
Total Equity		225,451	374,756

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

Fiducian Portfolio Services Limited
Statement of Changes in Equity
As at 30 June 2017

	CONTRIBUTED EQUITY \$	RESERVES \$	RETAINED EARNINGS \$	TOTAL \$
Balance as at 30 June 2015	200,000	-	770,684	970,684
Profit for the year	-	-	4,072	4,072
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4,072	4,072
Transaction with equity holders in their capacity as equity holders				
Dividends paid	-	-	(600,000)	(600,000)
Total	-	-	(600,000)	(600,000)
Balance as at 30 June 2016	200,000	-	174,756	374,756
Profit for the year	-	-	695	695
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	695	695
Transaction with equity holders in their capacity as equity holders				
Dividends paid	-	-	(150,000)	(150,000)
Total	-	-	(150,000)	(150,000)
Balance as at 30 June 2017	200,000	-	25,451	225,451

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

Fiducian Portfolio Services Limited
Statement of Cash Flows
For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		-	15,875,343
Payments to suppliers (inclusive of goods and services tax)		(2,805)	(15,886,462)
		<u>(2,805)</u>	<u>(11,119)</u>
Interest received		3,802	7,323
Income taxes paid		-	-
Net cash inflow/(outflow) from operating activities	19	<u>997</u>	<u>(3,796)</u>
Net cash inflow/(outflow) from investing activities			
		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Dividend paid		(150,000)	(600,000)
Payments to parent entity		(62,206)	(1,793,398)
Net cash outflow from financing activities		<u>(212,206)</u>	<u>(2,393,398)</u>
Net decrease in cash held		(211,209)	(2,397,194)
Cash and cash equivalents at the beginning of the year		453,937	2,851,131
Cash and cash equivalents at the end of the year	9	<u>242,728</u>	<u>453,937</u>

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

Fiducian Portfolio Services Limited

Notes to the financial statements

For the year ended on 30 June 2017

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.

(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.

Change in accounting policy

With effect from 1 July 2016 the Company has changed the policy of recording income and expenses in its financial statements. The trustee Company acts as a conduit for fees and expenses that are payable by the superannuation funds to the ultimate service providers. Therefore, income and expenses are not reflected in the financial statement of the trustee Company but netted off in the presentation of income statement, there is a flow on effect on receivables and payables in the statement of financial position and inflows from operating activities in the statement of cashflows.

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.

Critical accounting estimates

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fiducian Group Limited (Group) accounting policies. The areas, if any, involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) 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 Payments to advisers and service providers

Revenues comprising trustee and management fees are recognised on an accruals basis. Fees, payments to advisers and service providers related to this revenue are 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 Company 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.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

1 Summary of significant accounting policies (continued)

(c) 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 financial report.

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) 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 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.

Tax consolidation

The Fiducian Group Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation with Fiducian Group Limited as the head entity in the tax consolidated group. As a consequence these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity has entered into a tax sharing agreement and a tax funding agreement with the members of the tax consolidated group. Under the tax funding agreement the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities at call. The Company under the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

1 Summary of significant accounting policies (continued)

(d) Trustee company

The Company acts as a Trustee of Fiducian Superannuation Service ("the trust"). The accounting policies adopted by the Company in the preparation of the financial reports for the year ended 30 June 2017 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 trust is remote.

(e) Cash and cash equivalent

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.

(f) 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 receivable 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 Company 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.

(g) 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 Company for similar financial instruments.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

1 Summary of significant accounting policies (continued)

(l) Provisions

Provisions are recognised when the Group has 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.

(j) 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.

(k) 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.

(i) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The Company has decided not to early adopt any of the standards available for early adoption. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments (effective from 1 January 2018)*

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted the standard will affect the accounting for available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Company did not hold any available-for-sale financial assets or available-for-sale debt investments.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

1 Summary of significant accounting policies (continued)

(i) New accounting standards and interpretations (continued)

There will be no impact on Fiducian's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Fiducian does not have any such liabilities. Fiducian does not have any hedging arrangements and hence there is no impact from the new hedging rules.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer so the notion of control replaces the notion of risks and rewards. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures. Following the change in accounting policy during the current year, this standard will not affect the Company as no revenue is recorded in the books of account.

AASB 16 Lease (effective from 1 January 2019)

The standard introduces a single lease accounting model and remove the current distinction between operating and financial leases. It requires the recognition of an asset (the right to use leased item) and financial liability to pay rental for the lease contract. There are no leases recorded in the books of this company, therefore this standard will not affect the company.

2 Critical accounting estimates and assumptions

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. During the period of operations (following the restructure) there were no areas involving a higher degree of judgment or complexity or areas where assumptions and estimates were significant to the financial statements.

3 Segment Information

The Company currently only operates in a single segment as the RSE for a public offer superannuation fund, Fiducian Superannuation Service, and in a single geographical segment in Australia.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

	2017	2016
	\$	\$
4 Sales revenue		
Fees received ¹	-	14,703,499
Revenue	-	14,703,499

¹ includes Expense Recovery Fee of Nil (2016: \$2,813,000) referred to in Note 6. Also refer to the change in significant accounting policy

5 Other income

Interest received/receivable	3,802	7,322
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6 Expenses

2017	2016
\$	\$

Profit before income tax includes the following expenses:

Professional services	-	305,498
Administration and other expenses	2,805	567,023
Expense recovery	-	(814,870)
Total Other Expenses	2,805	66,395

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

	2017 \$	2016 \$
7 Income tax expense		
(a) Income tax expense		
Current tax	302	1,755
Income tax expense	<u>302</u>	<u>1,755</u>
Deferred income tax expense (revenue) included in income tax expense comprises:		
Net movement in deferred taxes	-	-
Deferred tax	<u>-</u>	<u>-</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	997	5,827
Tax at the Australian tax rate of 30%	299	1,748
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	3	7
Income tax expense	<u>302</u>	<u>1,755</u>

(c) Tax consolidation legislation

The Company is a member of a tax consolidated group. As a consequence these financial statements have been prepared on a tax consolidated basis where the head entity has assumed the tax liabilities initially recognised by the separate tax payers.

8 Dividends

(a) Current year

- Final ordinary fully franked dividend for the year ended 30 June 2016

	150,000	-
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(b) Previous year

- Final ordinary fully franked dividend for the year ended 30 June 2015

	-	600,000
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	<u>150,000</u>	<u>600,000</u>
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(d) Franking credits

As a member of a tax consolidated group, the franking credits of the Company have been transferred to Fiducian Group Limited as the head entity of the tax consolidated group.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

	2017	2016
	\$	\$
9 Current assets - Cash and cash equivalents		
Cash at bank and in hand	242,728	453,937
Total Cash & cash equivalents	242,728	453,937
10 Current assets - Trade and other receivables		
Amounts receivable from related entity		
Related trusts	329,395	1,516,250
Total current assets	329,395	1,516,250
11 Current liabilities - Trade and other payables		
Trade payables	-	486,701
Amounts due to related entities *	346,672	984,662
Other creditors	-	124,068
Total current liabilities	346,672	1,595,431

* Includes income tax liability transferred to head entity in the tax consolidated Group

12 Contributed equity

(a) Share capital		
200,000 Ordinary shares - fully paid	200,000	200,000

(b) Ordinary shares

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

(c) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, to continue to meet externally imposed capital requirements under its Responsible Superannuation Entity (RSE) Licence and 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 Company may vary the amount of dividends paid to the parent entity. There has been no borrowing to maintain capital requirements.

Under the externally imposed requirements the Company must maintain \$150,000 cash at all times during the financial year.

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 at each meeting.

13 Retained profits

Retained profits at the beginning of the financial year	174,756	770,684
Net profit for the year	695	4,072
Dividends paid	(150,000)	(600,000)
Retained profits at the end of the financial year	25,451	174,756

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

14 Key management personnel disclosures

(a) Directors

The following persons were directors of the Company during the financial year and up to the date of report: -

D Vaughan

F Khouri

B Lacey

L Tsitsis (resigned 30 June 2017)

S Venkatramani

R Martin

S Hallab

(b) Key management personnel compensation

No key personnel are directly paid by the Company. Amounts paid by the related party are as follows: -

	2017	2016
	\$	\$
Short term employee benefits	453,305	395,526
Post employment benefits	27,020	25,111
	<u>480,325</u>	<u>420,637</u>

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

No options have been issued in the Company's shares.

(ii) Share holdings

No shares in the Company were held by key management personnel. The parent entity holds 100% (2016: 100%) of the issued share capital in Fiducian Portfolio Services Ltd.

(c) Loans to key management personnel

No loans have been made to key management personnel.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

15 Remuneration of auditors

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

	2017 \$	2016 \$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports *	3,331	2,956
Other audit related services	1,500	5,788
Total	4,831	8,744

* The Company has recovered audit fees from Fiducian Superannuation Services

16 Contingent liabilities

The Company does not have any contingent liabilities at 30 June 2017 (2016: Nil).

17 Commitments for expenditure

The Company does not have any commitment for expenditure at 30 June 2017 (2016: Nil).

18 Related party transactions

(a) Parent entity

Fiducian Group Limited is a parent entity, which owns 100% of the issued capital of the Company.

(b) Transactions with related parties

Transactions between Fiducian Portfolio Services Limited and other entities in the wholly-owned group are as follows:

- Financial planning fees paid by Fiducian Services Pty Limited on behalf of Fiducian Portfolio Services Limited to Fiducian Financial Services Pty Limited
- Recovery of Group costs, such as expenses recovery and service charges by Fiducian Services Pty Limited
- Dealer service fees paid by Fiducian Services Pty Limited on behalf of Fiducian Portfolio Services Limited to Fiducian Financial Services Pty Limited

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

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

18 Related party transactions (continued)

(c) The following transaction occurred with related parties

	Ownership Interest ¹	2017 \$	2016 \$
Wholly owned group			
Fiducian Financial Services Pty Limited	Nil		
Dealer service fees paid		-	2,100,000
Financial planning fees paid		-	4,977,575
Fiducian Services Pty Limited	Nil		
Expense recovery		-	8,166,426
Related trusts			
Fiducian Superannuation Service	Nil		
Trustee fees income		13,412,420	14,744,496
Expense recovery		3,900,862	1,211,754
Interest		193,654	301,586

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

(d) Outstanding balances arising from sales / purchase of services provided.

	2017 \$	2016 \$
Current receivables (income from related trusts)	329,395	1,516,250
	<u>329,395</u>	<u>1,516,250</u>
Current payables (purchases of goods and services)	346,672	984,662

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.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

19 Reconciliation of profit or loss after tax to net cash inflow / (outflow) from operating activities

	2017	2016
	\$	\$
Profit for the year	695	4,072
Changes in operating assets and liabilities:		
Change in accounts receivable	-	(271,368)
Change in trade creditors	-	36,498
Change in other creditors	302	227,002
Net cash (outflow)/inflow from operating activities	997	(3,796)

20 Event occurring after balance date / reporting date

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 company, the results of those operations or the state of affairs of the Company in subsequent years.

21 Deed of Cross Guarantee

During the year the Company withdraw from the deed of cross-guarantee with other wholly owned member of the Fiducian Group. This was following the release of ASIC class order 2016/785, which disallowed APRA regulated entities from being part of a closed group covered by deed of cross-guarantee.

22 Financial risk management

The Company'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 Company'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 Company.

The Company holds the following financial instruments:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	242,728	453,937
Trade and other receivables	329,395	1,516,250
	572,123	1,970,187
Financial liabilities		
Trade and other payables	346,672	1,595,431

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2017

22 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Company does not have operations outside Australia and is therefore not exposed to any foreign exchange risk.

(ii) Price risk

The Company is not exposed to price risk arising out of movements in financial markets.

(iii) Interest rate risk

The Company's main Interest rate risk arises from deposits in Australian Dollars. The Company does not have any borrowings.

	<u>30 June 2017</u>		<u>30 June 2016</u>	
	Weighted average interest rate %	Balance	Weighted average interest rate %	Balance
Cash and cash equivalents	0.81%	242,728	0.98%	453,937

Bank deposits are at call. Interest rates are adjusted by the banks periodically in line with RBA cash rates. The Company's main interest rate risk arises from cash and cash equivalents with variable interest rates. At 30 June 2017 If Interest rates change by +/-100 basis points (2016: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would be higher or lower by \$1,699 (2016: \$3,177 higher or lower).

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2017

22 Financial risk management (continued)

(b) Credit risk

The Company has 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:

	2017	2016
	\$	\$
Cash and cash equivalents		
AA-	242,728	453,937

(c) Liquidity risk

The Company maintains sufficient liquid reserves to meet all foreseeable working capital, Investment and regulatory licensing requirements. The Company has no undrawn credit or other borrowing facilities in place.

	2017	2016
	\$	\$
Due in less than 1 Year	346,672	1,595,431

(d) Fair value estimation

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

Fiducian Portfolio Services Limited

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 23 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 financial position as at 30 June 2017 and of its 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.

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

S Venkatramani
Director

Sydney,
25 August 2017

Independent Audit Report

Independent Audit Report (continued)
