

FIDUCIAN
PORTFOLIO SERVICES LIMITED

ABN 13 073 845 931

Annual Report

For the year ended
30 June 2018

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 2018.

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

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 \$2,465 (2017: \$695).

Dividend

The Company did not pay any dividend (2017: \$150,000) during the year.

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.

Fiducian Portfolio Services Limited

Directors' report (continued)

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 directors and officers of the company are all covered by the insurance.

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.

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 3.

S Venkatramani
Director

Sydney,
24 August 2018

Auditor's Independence Declaration

Fiducian Portfolio Services Limited

Financial report – 30 June 2018

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 24 August 2018. 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 2018

	Notes	2018 \$	2017 \$
Interest Received /Receivable		4,503	3,802
Administration and Other expenses		(982)	(2,805)
Profit before income tax expenses		3,521	997
Income tax expenses	3	(1,056)	(302)
Profit for the year		2,465	695
Profit attributable to			
Continuing operations		2,465	695
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,465	695
Profit attributable to the Owners of Fiducian Portfolio Services Ltd		2,465	695

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 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	239,084	242,728
Trade, other receivables and prepayments	6	-	329,395
Total Current Assets		239,084	572,123
Total Assets		239,084	572,123
LIABILITIES			
Current Liabilities			
Trade and other payables	7	11,168	346,672
Total Current Liabilities		11,168	346,672
Total Liabilities		11,168	346,672
Net Assets		227,916	225,451
EQUITY			
Contributed equity	8	200,000	200,000
Retained Profits	9	27,916	25,451
Total Equity		227,916	225,451

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 2018

	CONTRIBUTED EQUITY \$	RESERVES \$	RETAINED EARNINGS \$	TOTAL \$
Balance as at 30 June 2016	200,000	-	174,756	374,756
Profit for the year	-	-	695	695
Other comprehensive income	-	-	-	-
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
Profit for the year	-	-	2,465	2,465
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,465	2,465
Transaction with equity holders in their capacity as equity holders				
Dividends paid	-	-	-	-
Total	-	-	-	-
Balance as at 30 June 2018	200,000	-	27,916	227,916

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 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Administration and Other Expenses (inclusive of goods and services tax)		(982)	(2,805)
Interest received		4,503	3,802
Net cash inflow from operating activities	15	3,521	997
Net cash inflow/(outflow) from investing activities			
		-	-
Cash flows from financing activities			
Dividend paid		-	(150,000)
Payments to parent entity		(7,165)	(62,206)
Net cash outflow from financing activities		(7,165)	(212,206)
Net decrease in cash held		(3,644)	(211,209)
Cash and cash equivalents at the beginning of the year		242,728	453,937
Cash and cash equivalents at the end of the year	5	239,084	242,728

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 2018

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.

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.

(i) The trustee Company acts as a conduit for fees and expenses that are payable by the superannuation fund to service providers. Income and expenses are not reflected in the financial statements of the Company.

(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.

(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.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2018

1 Summary of significant accounting policies (continued)

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

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.

(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 2018 reflect the fiduciary nature of the Company's responsibility for the assets and liabilities of the trust. 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.

(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 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.

(g) 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.

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2018

1 Summary of significant accounting policies (continued)

(h) 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 2018 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

AASB 9 Financial Instruments addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities while revising the rules for hedge accounting and impairment. Fiducian will first apply AASB 9 from 1 July 2018 and the standard will be applied retrospectively in respect of classification, measurement and impairment. There are no requirements to restate comparatives and the cumulative effect of initially applying the standard will be recognised as an opening balance sheet adjustment. The Group has completed its assessment of the impacts of the standard and does not see any impact from the revised recognition and measurement provisions or hedge accounting rules. With the impairment rules, Fiducian's modelling does not indicate that there will be any material effect on the move from an incurred loss model to an expected loss model due to low probability of defaults and loss given defaults in the impacted loan portfolio.

ASSB15 Revenue from Contracts with Customers

AASB 15 replaces the current guidance on revenue recognition from contracts with customers. It requires identification of all performance obligations within a transaction and the associated transaction price allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations when control of these goods or services are transferred to the customer. When revenue is received from contracts which involve a variable consideration, revenue is recognised when it is highly probable that there will be no significant reversal of the variable component. Fiducian will apply AASB 15 from 1 July 2018 with no comparative restatements. Fiducian has completed its assessment of the impacts on the revenue streams of the Group and based on this assessment the principles of ASSB 15 are broadly consistent with Fiducian's current accounting policies. Therefore, there will not be any material impact on adoption of AASB 15.

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.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2018

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 there were no areas involving a higher degree of judgment or complexity or areas where assumptions and estimates were significant to the financial statements.

	2018	2017
	\$	\$
3 Income tax expense		
(a) Income tax expense		
Current tax	1,056	302
Income tax expense	<u>1,056</u>	<u>302</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	3,521	997
Tax at the Australian tax rate of 30%	1,056	299
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	-	3
Income tax expense	<u>1,056</u>	<u>302</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.

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2018

	2018	2017
4 Dividends	\$	\$
(a) Current year		
- Final ordinary fully franked dividend for the year ended 30 June 2018	-	-
(b) Previous year		
- Final ordinary fully franked dividend for the year ended 30 June 2017	-	150,000
	<u>-</u>	<u>150,000</u>

(c) 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.

5 Current assets - Cash and cash equivalents

Cash at bank and in hand	239,084	242,728
Total Cash & cash equivalents	<u>239,084</u>	<u>242,728</u>

6 Current assets - Trade and other receivables

Amounts receivable from related entity		
Related trusts	-	329,395
Total current assets	<u>-</u>	<u>329,395</u>

7 Current liabilities - Trade and other payables

Amounts due to related entities *	11,168	346,672
Total current liabilities	<u>11,168</u>	<u>346,672</u>

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

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2018

	2018	2017
	\$	\$
8 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.

9 Retained profits

Retained profits at the beginning of the financial year	25,451	174,756
Net profit for the year	2,465	695
Dividends paid	-	(150,000)
Retained profits at the end of the financial year	27,916	25,451

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2018

10 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

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: -

	2018	2017
	\$	\$
Short term employee benefits	442,204	453,305
Post employment benefits	25,575	27,020
	<u>467,779</u>	<u>480,325</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% (2017: 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 2018

11 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:

	2018	2017
	\$	\$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	3,414	3,331
Other audit related services	1,538	1,500
Total	4,952	4,831

The company has recovered audit fees from Fiducian Superannuation Service

12 Contingent liabilities

The Company does not have any contingent liabilities at 30 June 2018 (2017: Nil).

13 Commitments for expenditure

The Company does not have any commitment for expenditure at 30 June 2018 (2017: Nil).

14 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:

- The trustee Company acts as a conduit for fees and expenses that are payable by the superannuation fund to service providers. Income and expenses are not reflected in the financial statements of the Company.
- Recovery of Group costs, such as expenses recovery and service charges by Fiducian 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 2018

14 Related party transactions (continued)

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

	2018 \$	2017 \$
Current receivables (from related entity)	-	329,395
	<u>-</u>	<u>329,395</u>
Current payables (to related entity)	<u>11,168</u>	<u>346,672</u>

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

	2018 \$	2017 \$
Profit for the year	2,465	695
Changes in operating assets and liabilities:		
Change in accounts receivable	-	-
Change in trade creditors	-	-
Change in other creditors	1,056	302
Net cash inflow from operating activities	<u>3,521</u>	<u>997</u>

16 Events 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.

17 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:

Fiducian Portfolio Services Limited
Notes to the financial statements (continued)
For the year ended on 30 June 2018

17 Financial risk management (continued)

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	239,084	242,728
Trade and other receivables	-	329,395
	239,084	572,123
Financial liabilities		
Trade and other payables	11,168	346,672

(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.

	30 June 2018		30 June 2017	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Cash and cash equivalents	1.63%	239,084	0.81%	242,728

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 2018 If Interest rates change by +/-100 basis points (2017: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would be higher or lower by \$1,733 (2017: \$1,699 higher or lower).

Fiducian Portfolio Services Limited

Notes to the financial statements (continued)

For the year ended on 30 June 2018

17 Financial risk management (continued)

(b) Credit risk

The Company does not have any assets other than cash and cash equivalents for which risk is very low.

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

	2018	2017
	\$	\$
Cash and cash equivalents		
AA-	239,084	242,728

(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.

	2018	2017
	\$	\$
Due in less than 1 Year	11,168	346,672

(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 5 to 19 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 2018 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,
24 August 2018

Independent Audit Report

Independent Audit Report (continued)
