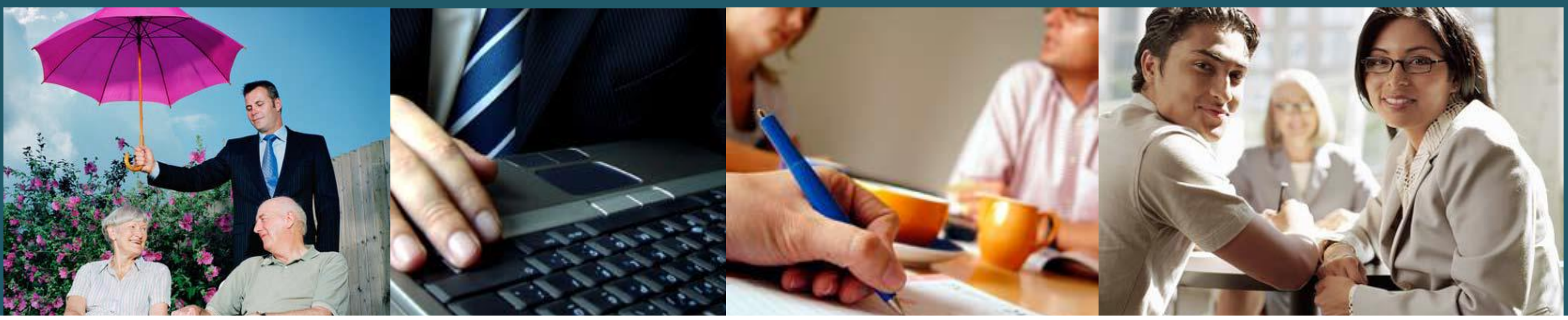
CIPL (Holding) Limited

ABN: 97 603 442 959

ANNUAL REPORT 2016



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Capricorn Investment Partners

the Pentad Group

CIPL (HOLDING) LIMITED
AND CONTROLLED ENTITIES

A.B.N. 97 603 442 959

STATUTORY CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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MANAGING DIRECTOR'S REPORT

It's now three years since the effective merger between Capricorn Investment Partners and The Pentad Group. The amount of work undertaken over that time is extraordinary. Finally in 2015/16, we saw clear, unambiguous evidence of the benefits

The capital structure of the business includes very high depreciation and amortisation charges, mainly on account of the value of the firm's Portfolio Administration Software ("PAS"). Group net profit after tax for the year was $58,376, but that is after taking into account a non-cash amount of $382,896 in amortisation charges incurred on the PAS software. Adding this back gives a better idea of underling profit which was $441,272. Looking at the results in this way is appropriate because our in-house computer programmer is constantly updating and improving PAS, and so it is like new software every day.

Significant initiatives undertaken through the year included the Asgard to PAS migration, recording all client assets in PAS, building our share trading capability and broadening the investment base of the Capricorn Diversified Investment Fund. The company also benefited from a significant performance fee related to management of the Merchant Opportunities Fund.

The Asgard to PAS migration is perhaps the single most complex and valuable initiative undertaken by the firm. Retail portfolio administration platforms are typically expensive for clients, inflexible and unforgiving in the event of an inadvertent error. Our PAS system is cheaper and infinitely flexible, without locking clients in. In moving clients from retail platforms to PAS, clients enjoy reduced fees, dedicated portfolio management and better reporting. Our business captures increased profit margins and streamlining in back office tasks. It is a win-win.

Building on the original efforts of Bob Stewart, our share trading capability was significantly enhanced by the appointment of Ian Maloney in the Melbourne Office. In conjunction with the investment committee, Ian's involvement has eliminated backlogs in client reviews, and increased the range of reviews.

The Capricorn Diversified Investment Fund is key to the ongoing growth and success of Capricorn. Late in 2015, the Fund substantially increased its asset base by taking an approximate 10 per cent share in an over 55's living facility in Melbourne. This was recently increased by another approximately 6 per cent. The Fund also received a retail exemption from the Australian Energy Regulator, which will enable a much more streamlined roll-out of the Fund's solar offering.

As you'll see in the financial statements the company's balance sheet is sound. All bank covenants are complied with and debt is being repaid at a rate of about $230,000 per annum. Surplus funds are currently being paid to shareholders as tax-deferred capital returns. The company paid 10 cents per share in December 2015, and shareholders approved a further 15 cents per share in October 2016.

The first quarter of the 2016/17 financial year has started very strongly. The results from the Asgard to PAS migration are now overwhelmingly evident, CDIF has enjoyed significant new investment, and share trading activities are well ahead of budget. Indifferent markets, regulation and competition are always challenges. Complacency is not an option

Outlook

Directors believe the Group is structured to take advantage of opportunities that have arisen through legislative changes, and changes in financial markets. As at the time of writing, the Group is trading ahead of internal forecasts.

David French

Managing Director, CIPL (Holding) Limited

27 October 2016

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of CIPL (Holding) Limited ("Company") and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the "Group".

1 : Directors

The names and details of the Directors of CIPL (Holding) Limited in office during the year and until the date of this report are set out below. All directors were in office for the entire year unless otherwise stated.

David M French, B.Ec, Dip CM

David French is Managing Director of CIPL (Holding) Limited. He has 25 years' experience in finance and economics, 20 of which are in investment markets. David has been responsible for building the business of the CIPL group to a point where the business now manages about $550 million in investments for more than 1,000 clients. He holds a Bachelor of Economics and a Diploma in Corporate Management, and has completed a range of other courses related to the valuation of companies and investments. David is Treasurer of Home Support Association, a disability services provider and a past director of Rockhampton Regional Development Limited and the Rockhampton Chamber of Commerce.

Owen Evans, B.A. (Honours) M.Sc (Econ)

Owen Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated number one analyst for building materials, construction and emerging companies while at UBS Australia and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment officer at MIR Australia. Between 1997 and 2010, Mr Evans was sole analyst on the IPO's of Bristile, AWB, Transfield Services, Worley Parsons and NRW. He is currently principle of Yaz Investment Pty Ltd, and provides consulting services for mid-sized Australian Companies such as Adelaide Brighton, Brickworks Ltd, Calibre Global and Dulux. He also provides investment consulting advice for global fund managers. Owen is currently non-Executive President of the Manly Warringah Basketball Association and is a former Director of the Sydney Harbour Foreshore Authority.

Lance Livermore, Bbus, CPA, Certified Financial Planner

Lance Livermore has more than 30 years experience in both stockbroking and financial planning. He attained his original qualifications in Albury prior to establishing himself in a financial controller role with Potter Warburg in Melbourne. Lance was a founding partner of Bailey Livermore Financial Services, a predecessor of Pentad and Capricorn Investment Partners.

Christopher Heyworth BA (Acct), ACA, Certified Financial Planner

Chris is a qualified accountant (Institute of Chartered Accountants in England and Wales) who has worked in the financial planning industry for more than 25 years. He is a Certified Financial Planner and has been the principal of his own business as well as working as a significant co-owner alongside others prior to the planned sale of The Pentad Group in 2013. Chris continues as an employed financial planner under the new ownership structure. Earlier career experience includes mainstream accounting and audit roles with multi-national commercial enterprises in a variety of locations.

Michael Peet B App Sc (Chem) B Com (resigned 30 September 2016)

Michael has been in the Australian Financial Markets Industry for over 20 years. Positions held include Equity Analyst, Fund Manager, Consultant and Investment Advisor. He is currently employed at Commonwealth Bank of Australia in the Institutional Banking and Markets Division where he holds the position of Director, Head of Emerging Companies Research for CBA's Institutional Stockbroking operations. He was previously employed by CIPL, Alliance Bernstein, UBS and County NatWest Securities. Michael is currently on the Board of Trustees for Samuel Smith & Son's Investment Trust, Gensix.

Nigel Allfrey B Comm, BEc (appointed 30 September 2016)

Nigel has several decades of business experience in the Australian and International Finance industry. He was Co-founder and CEO of Impact Investing Pty Ltd, a Sydney based Funds Management Financial Services Technology company that achieved global success and recognition. Prior to that he held senior portfolio management positions with leading fund management firms BlackRock and Bankers Trust. Today Nigel is Principal of the Caana Group, a private wealth management firm.

Company Secretary

The Company Secretary in office at the date of this report is Richard Symons.

DIRECTORS' REPORT (continued)

2 : Dividends

No dividends were paid or declared in respect of the year ended 30 June 2016 and directors do not currently recommend the payment of a dividend.

3 : Principal Activity

The principal activities of the Group during the year were providing financial planning and related services as an Australian Financial Services Authorised Representative. The Group also provided consulting services to a range of entities. One of the Group's subsidiaries, CIP Licensing Limited, is the Responsible Entity for the Capricorn Diversified Investment Fund and the Merchant Opportunities Fund.

4 : Operating and Financial Review

For the year to 30 June 2016, the Group recorded a net profit after tax of $58,376 (2015 - loss of $186,445 for 4 months of operations from 1 March 2015 to 30 June 2015..

5 : Holding Company Status

CIPL (Holding) Limited is an unlisted public company incorporated under the Corporations Act 2001.

6 : Significant Changes in the State of Affairs

There were no such changes during the year.

7 : Significant Events After Balance Date

In early September 2016. the board approved the payment of a 15.00c per share capital return to all shareholders. Subject to shareholder approval, this is expected to be paid in October 2016 and will total approximately $171,000.

Other than the above, no matters or circumstances have arisen since 30 June 2016, which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

8 : Likely Developments

The Group will continue to provide financial advisory and consulting services, and act as a Responsible Entity.

9 : Indemnification of Directors and Officers

The Company has entered into agreements to indemnify Directors, and the Company Secretary against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company. The agreement requires the Company to indemnify officers of the Company to the maximum extent permitted by the *Corporations Act 2001* .

At the date of this report no amounts have been paid in relation to indemnity of any Director or officer of the Company and no contracts insuring officers of the Company have been entered into.

The Company provides an indemnity to its auditor under Professional Standards Legislation to the extent required under the *Corporations Act 2001* .

DIRECTORS' REPORT (continued)

10 : Environmental Regulation

The Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

11 : Share Options

The Group has no outstanding share options.

12 : Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

13 : Attendance at Directors Meetings

Attendance of directors at meetings was as follows:

	Number of meetings held whilst a director	**Number of meetings attended**
David French	7	7
Owen Evans	7	7
Lance Livermore	7	6
Christopher Heyworth	7	6
Michael Peet	7	7
Nigel Allfrey	-	-

14 : Non-Audit Services

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

Details of the amounts paid or payable to HLB Mann Judd for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor and;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for non-audit services provided by the auditor:

	2016	**2015**
	$	**$**
Tax and accounting compliance services	47,967	13,590

Note that the 2015 comparative is for the period from incorporation on 18 December 2014 to 30 June 2015, and the Group commenced business on 27 February 2015.

Signed in accordance with a resolution of the Directors

David French

Director, CIPL (Holding) Limited

27 October 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of CIPL (Holding) Limited for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the CIPL (Holding) Limited and the entities it controlled during the period.

A B Narayanan
Partner

Brisbane, Queensland
27 October 2016

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Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2016

	Note	2016 $	Period 18 December 2014 to 30 June 2015 $
Revenue			
Financial planning		3,458,144	1,143,247
Performance fee - Merchant Opportunities Fund		2,257,685	-
Insurance		316,111	101,290
Consulting		208,680	26,055
Share trading revenue		297,974	44,021
Management and administrative services		131,688	35,826
Authorised representative fees		207,968	63,997
Interest income		8,837	3,136
Total revenue		**6,887,087**	**1,417,572**
Expenses			
Employee benefits expenses		2,760,134	845,273
Rebate of Merchant Opportunities Fund performance fee		2,031,917	-
Administration expenses		682,532	264,548
Bad and doubtful debts		34,946	(1,178)
Borrowing costs		-	56,464
Insurance		162,725	28,294
Commission, consulting, and subcontractor expenses		322,578	95,020
Occupancy costs		191,107	66,916
Depreciation and amortisation expense		445,969	138,153
Costs of acquisition of business		-	93,908
Finance costs		149,251	48,173
Total expenses		**6,781,160**	**1,635,570**
Profit / (Loss) before tax		**105,927**	**(217,998)**
Income tax (expense) / credit	3	(47,551)	31,552
Profit / (Loss) after tax for the year		**58,376**	**(186,445)**
Other comprehensive income			
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive income for the year		**58,376**	**(186,445)**

The accompanying notes form part of these financial statements

Consolidated Statement of Comprehensive Income (continued) for the Year Ended 30 June 2016

	Note	2016 $	Period 18 December 2014 to 30 June 2015 $
Profit / (loss) attributable to :			
Owners of the company		58,376	(186,445)
Non-controlling interests		-	-
		58,376	**(186,445)**
Total comprehensive income attributable to :			
Owners of the company		58,376	(186,445)
Non-controlling interests		-	-
		58,376	**(186,445)**

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents		313,164	550,810
Trade and other receivables	4	790,712	670,180
Prepayments & deposits		80,371	84,269
Total Current Assets		**1,184,248**	**1,305,260**
Non Current Assets			
Security deposits		37,481	37,481
Plant and equipment	5	268,857	254,100
Intangible assets	6	2,858,710	3,191,122
Deferred tax assets	3	98,449	146,000
Total Non Current Assets		**3,263,497**	**3,628,703**
Total Assets		**4,447,746**	**4,933,963**
Current Liabilities			
Trade and other payables	7	428,652	523,128
Income in advance	8	174,066	333,741
Current tax payable		-	12,408
Employee entitlements	10	241,894	269,367
Borrowings	9	306,731	233,372
Total Current Liabilities		**1,151,343**	**1,372,016**
Non Current Liabilities			
Borrowings	11	1,809,319	2,019,228
Employee entitlements	10	37,106	37,422
Total Non Current liabilities		**1,846,425**	**2,056,650**
Total Liabilities		**2,997,768**	**3,428,666**
Net Assets		**1,449,977**	**1,505,297**
Equity			
Contributed equity	12	1,578,046	1,691,742
Retained profits / (accumulated losses)		(128,069)	(186,445)
Total Equity		**1,449,977**	**1,505,297**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2016

	Contributed Equity	Retained Profits	Total Equity	
	$	$	$	
Balance at 18 December 2014 (date of incorporation)	**-**	**-**	**-**	-
Profit / (Loss) for the period	-	(186,445)	(186,445)	
Transactions with equity holders in their capacity as equity holders			-	
Issuance of ordinary shares	1,702,492	-	1,702,492	
Other transactions in equity	-	-	-	
Costs of issuing ordinary shares	(10,750)	-	(10,750)	
Balance at 30 June 2015	**1,691,742**	**(186,445)**	**1,505,297**	
Profit / (Loss) for the year	-	58,376	58,376	
Transactions with equity holders in their capacity as equity holders				
Capital returns	(113,697)		(113,697)	
Balance at 30 June 2016	**1,578,046**	**(128,069)**	**1,449,977**	

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 30 June 2016

Cash flows from operating activities	**Note**	**2016 $**	**Period 18 December 2014 to 30 June 2015 $**
Receipts from customers		4,562,082	1,443,282
Interest received		8,836	3,136
Payments to suppliers and employees		(4,265,409)	(1,577,922)
Interest paid		(149,251)	(48,173)
Income tax paid		(12,408)	-
Net cash outflows from operating activities	13	**143,851**	**(179,678)**
Cash flows from investing activities			
Payments for acquisition of business (net of cash acquired)		-	(3,139,696)
Payments for plant and equipment		(128,314)	(74,158)
Net cash outflows from investing activities		**(128,314)**	**(3,213,855)**
Cash flows from financing activities			
Proceeds from borrowings		49,273	2,311,289
Repayment of borrowings		(185,823)	(58,689)
Issuance of ordinary shares (net of costs of issue)		-	1,691,742
Payment of capital returns		(113,697)	-
Loans to other entities		(2,936)	-
Net cash inflows from financing activities		**(253,183)**	**3,944,342**
Net increase / (decrease) in cash and cash equivalents		(237,646)	550,810
Cash and cash equivalents at the beginning of the year		550,810	-
Cash and cash equivalents at the end of the financial year	13	**313,164**	**550,810**

The accompanying notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2016

1. Corporate Information

The parent entity, CIPL (Holding) Limited (the Company) is a company limited by shares incorporated and domiciled in Australia. The Company's shares are not listed on any securities exchange.

The principal place of business and registered office of the Company is Suite 18, Suncorp House, 103 Bolsover Street, Rockhampton Queensland.

The Company's subsidiary, CIP Licensing Limited, acts as Responsible Entity of Capricorn Diversified Investment Fund and the Merchant Opportunities Fund.

These financial statements were authorised for issue by the directors of the Company on 27 October 2016.

2. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

The financial statements relate to CIPL (Holding) Limited and its controlled entities ("Group").

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, apart from financial assets which have been measured at fair value.

The financial statements have been prepared on a going-concern basis which anticipates that the Group will continue to conduct its business, and realise its assets and discharge its liabilities in the normal course of business.

Compliance with IFRS's

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Principles of Consolidation - subsidiaries

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

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

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

Financial instruments

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets comprise loans and receivables and held to maturity investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the Financial Statements
for the Year Ended 30 June 2016

2. Statement of Significant Accounting Policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity. The Company's held to maturity investment consists of a single term deposit with a major Australian bank.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of that investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets carrying amount and the present value of future cashflows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Where the trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

With the exception of available for sale financial assets, if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS financial assets, impairment losses previously recognised in the profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and the associated liability for any amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for any proceeds received.

Financial liabilities and Equity Instruments Issued

Classification of debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs.

Derecognition of financial liabilities

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Notes to the Financial Statements
for the Year Ended 30 June 2016

2. Statement of Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits available on demand at banks, other short term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Receivables

Receivables comprise trade debtors and are carried at original contract/invoice amount, less any provision for impairment.

Other receivables are normally due within 30 days of recognition.

Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Issued capital

Ordinary shares are classified as equity.

Transaction costs (net of tax) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Where shares are issued for no consideration, the fair value of the shares issued is charged to the profit and loss in the year of issue.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Major items of revenue are recognised as follows:

Provision of services

Service-sourced revenue is recognised when services have been provided to clients. Where service fees are received in advance, the fees are brought to profit and loss over the year in which the services are provided.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Taxes

Income tax

Income tax expense or revenue for the year is the tax payable on the current year’s taxable income based on the statutory income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Notes to the Financial Statements for the Year Ended 30 June 2016

2. Statement 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.

CIPL (Holding) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. 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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST recoverable from the taxation authority. That part of the GST incurred on a purchase of goods and services, which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

Operating segments

Under AASB 8, from 1 July 2009 operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group’s chief operating decision maker which for the Company, is the board of directors. As the Group only has one operating segment, financial planning, there are no reportable segments.

Comparatives

As the Group commenced operations on 18 December 2014, comparatives shown in the statement of comprehensive income, statement of charges in equity, and statement of cashflows are for the period 18 December 2014 to 30 June 2015. Comparatives shown on the statement of financial position are as at 30 June 2015.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Significant accounting judgements, estimates, and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally within the Group.

(i) Significant key estimates

Goodwill

During the 2015 financial year, the Group acquired the business of Capricorn Investment Partners Limited, a financial planning firm. As a consequence, the Group shows the related goodwill on its statement of financial position. The Group does not consider that any of this goodwill is impaired, based on the net present value of the future expected cashflows to be derived from the business. Further details regarding these assumptions are provided in Note 6.

PAS software

As part of the acquisition of the business of Capricorn Investment Partners Limited, the Group acquired the PAS portfolio administration software which had been developed by that company. The PAS software has been valued at the Group's estimate, which is based on a net present value of the additional costs that would be incurred if the Group was required to use an external commercial package instead of PAS. The Group considers that the carrying value of the PAS software is reasonable. Further details are provided in Note 6.

(ii) Significant key judgements

Impairment of receivables

Receivables are classed as impaired where management forms the view that recovery is unlikely. This view may come about from amounts owing being well in excess of terms, or other information management may have on the financial position of the debtor.

Notes to the Financial Statements
for the Year Ended 30 June 2016

2. Statement of Significant Accounting Policies (continued)

Employee Benefits

(i) Short term obligations

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

(ii) Long term obligations

Any liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the Year in which employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of the services provided. Consideration is given to expected future salary and wage levels, experience of employee departures and Years of service. Expected future payments are discounted using market yields at the end of the reporting Year on national government bonds with terms to maturity and currency that match, as closely as possible, the expected future outflows.

Impairment of non-financial assets

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 an 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 levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

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

Class of asset	Rates
Office equipment	14 - 40.%
Fixture and fittings	20%

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements
for the Year Ended 30 June 2016

2. Statement of Significant Accounting Policies (continued)

Leases

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

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

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the year of the lease.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Goods and Services Tax ("GST")

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

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 consideration transferred for the acquisition of a subsidiary comprises;

- fair value of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary

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 Group recognises a non-controlling interest in the acquired entity on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets is recorded as goodwill. If the consideration amount is less than the fair values of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

New Standards/Interpretations

During the year, the Group reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting year.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business, and, therefore, no change is necessary to Group accounting policies.

Relevant Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year ended 30 June 2016, are as follows:

Standard/Interpretation	**Application date of Standard**	**Application date for the Company**
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. This standard is not applicable until 1 January 2018 but is available for early adoption. The potential effects on adoption of the standard are yet to be determined. *	1 January 2018	1 July 2018
AASB 15 Revenue from Contracts with Customers requires entities to recognise revenue from the transfer of goods or services to customers in amounts that reflect the consideration (that is payment) to which the Group expects to be entitled in exchange for those goods or services.	1 January 2018	1 July 2018

Overall, the Group does not expect the above changes to have any material effect on the financial statements.

Notes to the Financial Statements
for the Year Ended 30 June 2016

3. Income Tax

	2016	2015
	$	$
(a) Income tax expense / (credit) from continuing operations		
Current tax	-	12,409
Deferred tax	47,551	(43,961)
Tax expense / (credit) reported in statement of comprehensive income from continuing operations	**47,551**	**(31,552)**
(b) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Provision for long service leave	47,067	58,421
- Annual leave	36,633	33,616
- Borrowing costs	12,737	16,216
- Accrued expenses	24,924	14,520
- Capital raising and other costs	2,926	2,580
- Tax losses carried forward	26,641	58,988
	150,927	184,340
Set-off of deferred tax liabilities	(52,478)	(38,340)
Net deferred tax assets	98,449	146,000
(c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Accrued revenues	27,110	27,000
- Difference between tax and accounting value depreciable assets	25,368	11,340
	52,478	38,340
Set-off to deferred tax assets	(52,478)	(38,340)
Net deferred tax liabilities	-	-
(d) Movements in net deferred tax assets/liabilities		
Opening balance	146,000	-
Net deferred tax assets acquired on business combination	-	102,039
Charged / (credited) to statement of comprehensive income	(47,551)	(43,961)
Closing balance	98,449	146,000

Notes to the Financial Statements
for the Year Ended 30 June 2016

	2016	2015
3. Income Tax (continued)	**$**	**$**

(e) Explanation of the relationship between income tax expense (credit) and accounting profit / (loss) :

A numerical reconciliation between income tax expense (credit) and the product of accounting profit / (loss) before income tax multiplied by the statutory income tax rate is as follows:

	2016	2015
Accounting profit / (loss) before income tax	105,927	(217,998)
Tax at the statutory income tax rate of 30%	31,778	(65,399)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
- Non deductible entertainment		682
- Costs of acquisition of business		27,747
- Debtor recoveries		(6,739)
- Other	(31,778)	12,157
Income tax expense / (credit) from continuing operations	-	**(31,552)**

Tax at the statutory income tax rate of 30%

4. Current Trade and Other Receivables

	2016	2015
Trade receivables	416,451	554,315
Less provision for impairment	-	(1,375)
Net trade receivables	416,451	552,940
Accrued income	371,325	110,260
Other	2,936	6,980
	790,712	**670,180**

Refer Note 14 for information on risk exposure.

Notes to the Financial Statements
for the Year Ended 30 June 2016

5. Plant and Equipment

Plant and equipment comprises office equipment and leasehold improvements made to the Group's offices.

	2016 $	2015 $
Office equipment at cost	338,675	139,650
less accumulated depreciation	(185,371)	(8,163)
	153,304	131,487
Leasehold improvements at cost	130,551	123,089
less accumulated depreciation	(14,998)	(476)
	115,553	122,613
Plant and Equipment	**268,857**	**254,100**

Movements in carrying amounts

	2016 $	2015 $
Office equipment at written down value beginning of year	131,487	-
Additions	62,589	95,362
Acquisition of business	-	44,288
Depreciation	(40,773)	(8,163)
Balance at end of year	**153,303**	**131,487**
Leasehold improvements at written down value beginning of year	122,612	-
Additions	6,660	116,736
Acquisition of business	-	6,352
Depreciation	(13,719)	(476)
Balance at end of year	**115,553**	**122,612**

Notes to the Financial Statements
for the Year Ended 30 June 2016

	2016 $	2015 $
6. Intangible Assets		
PAS 3 software	1,403,956	1,786,852
Other software	77,032	26,549
Goodwill	1,377,721	1,377,721
	2,858,710	**3,191,122**

	PAS 3 software 2016	Other software 2016	Goodwill 2016	Total 2016
Movement in carrying amounts - 2016				
Balance beginning of year	1,786,852	26,549	1,377,721	3,191,122
Capitalisation of expenses	-	21,519	-	21,519
Acquired through purchase	-	37,545	-	37,545
Amortisation of intangibles	(382,896)	(8,581)	-	(391,477)
Balance end of year	**1,403,956**	**77,032**	**1,377,721**	**2,858,709**

Movement in carrying amounts - 2015

	PAS 3 software 2015	Other software 2015	Goodwill 2015	Total 2015
Balance beginning of year	-	-	-	-
Capitalisation of expenses	-	-	-	-
Acquired through purchase	-	28,445	-	28,445
Acquired through business combination (Note 26)	1,914,485	-	1,377,721	3,292,206
Impairment of intangibles	-	-	-	-
Amortisation of intangibles	(127,633)	(1,896)	-	(129,529)
Balance end of year	**1,786,852**	**26,549**	**1,377,721**	**3,191,122**

Goodwill at 30 June 2016 represents goodwill from the Capricorn Investment Partners Limited ("CIPL") business purchased by the Group on 27 February 2015. The goodwill has been tested for impairment by reviewing the net present value of future cash flow projections for the business. Based on a 16% pre tax discount rate and growth rate assumptions of approximately 2% for income and expenses, management considers that there is no need to impair the value and cannot anticipate any likely scenario where impairment would be necessary.

The PAS 3 software was acquired from CIPL on 27 February 2015 and is being amortised on a straight line basis over 5 years.

The other software is being used to digitise client information, and is being amortised on a straight line basis over 5 years.

	2016 $	2015 $
7. Trade and Other payables		
Trade creditors	77,508	293,460
Credit cards	6,934	4,254
Accrued expenses	217,468	65,672
Superannuation payable	576	32,917
GST payable	82,002	85,488
PAYG payable	43,077	41,336
Other	1,086	-
Total trade and other payables	**428,652**	**523,128**

Notes to the Financial Statements
for the Year Ended 30 June 2016

	2016	2015
	$	$
8. Income in Advance		
Client fees received in advance	**174,066**	**333,741**

The majority of the above relates to fees paid by financial planning clients for services 6 months in advance. These fees will be brought to revenue over the 6 months to 31 December 2016 on a straight-line basis as they are derived.

9. Borrowings - current

	2016	2015
Bank of Melbourne - bank bill facility	285,000	228,000
Bank of Melbourne - equipment finance lease	15,870	-
Software lease	5,861	5,372
Total current borrowings	**306,731**	**233,372**

The bank bill facility shows a current liability of $285,000, representing 5 payments of $57,000. Normally this figure would be for 4 payments, or $228,000. However, an error by the Bank of Melbourne resulted in the bank failing to deduct the May 2016 principal repayment from the bill rollover and as a consequence will deduct $114,000 in August 2016.

10. Employee entitlements - current

	2016	2015
Provision for annual leave	122,111	112,052
Provision for long service leave	119,783	157,315
Total entitlements	**241,894**	**269,367**
Movements in employee entitlements - current		
Annual leave		
Opening balance beginning of year	112,052	-
Leave accrued	208,649	83,327
Leave taken / paid out	(198,590)	(67,765)
Leave obligation assumed on acquisition of business	-	96,490
Closing balance end of year	**122,111**	**112,052**
Long service leave		
Opening balance beginning of year	157,315	-
Leave accrued	8,808	8,808
Leave taken / paid out	-	-
Leave obligation assumed on acquisition of business	-	148,507
Closing balance end of year	**166,123**	**157,315**
Employee entitlements - non-current		
Provision for long service leave	37,106	37,422
	37,106	**37,422**
Movements in employee entitlements - non-current		
Opening balance beginning of year	37,422	-
Leave accrued	6,532	6,532
Leave taken / paid out	(11,835)	(11,835)
Leave obligation assumed on acquisition of business	-	42,725
Closing balance end of year	**32,119**	**37,422**

11. Borrowings - non-current

	2016	2015
Bank of Melbourne - bank bill facility	1,767,000	1,995,000
Bank of Melbourne - equipment finance lease	23,952	-
Software lease	18,367	24,228
Total non-current borrowings	**1,809,319**	**2,019,228**

The Group is required to meet certain bank-imposed financial covenants in relation to its borrowings. The Group is in compliance with these covenants. CIPL (Holding) Limited and its subsidiaries have jointly guaranteed the borrowings and provided a charge over all their assets and undertakings.

Notes to the Financial Statements
for the Year Ended 30 June 2016

12. Contributed Equity

Share capital

Ordinary shares fully paid on issue at 30 June 2016 - 1,138,768 ordinary shares fully paid

	Number of shares	$
Balance at 18 December 2014	**-**	**-**
Issuance of ordinary shares	1,138,768	1,702,492
Capital raising costs charged directly to equity	-	(10,750)
Balance at 30 June 2015	**1,138,768**	**1,691,742**
Capital return paid		(113,697)
Balance at 30 June 2016	**1,138,768**	**1,578,046**

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.

Any holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

13. Cash and Cash Equivalents

(a) Reconciliation of cash and cash equivalents

	2016 $	2015 $
Cash and cash equivalents comprise:		
Cash at bank	163,164	400,810
Cash held in term deposit	150,000	150,000
	313,164	**550,810**

Of this cash, a minimum of $150,000 must be held by CIP Licensing Limited, a subsidiary of the Company, to meet Australian Financial Services Licence requirements. As at 30 June 2016, this amount was held in a term deposit by CIP Licensing Limited.

(b) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities

	2016 $	2015 $
Profit / (Loss) for the year after tax	58,376	(186,445)
Depreciation and amortisation	445,969	138,153
Decrease / (increase) in prepayments	3,898	30,828
(Increase) / decrease in receivables	(124,576)	(101,914)
(Increase) / decrease in income in advance	(159,675)	115,071
Increase / (decrease) in payables and accruals	(87,496)	(162,884)
Increase / (decrease) in provisions	(27,788)	19,066
Decrease / (increase) in deferred tax benefit	47,551	(43,960)
Increase / (decrease) in current tax liabilities	(12,408)	12,408
Net cash inflows / (outflows) from operating activities	**143,851**	**(179,678)**

Notes to the Financial Statements
for the Year Ended 30 June 2016

14. Financial Instruments Disclosure

(a) Capital risk management

The Group manages its capital to ensure that the Group will have sufficient liquidity to fund its operations while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group also seeks to have sufficient facilities to provide funding for growth and development expenditure. CIP Licensing must maintain adequate capital to ensure compliance with its Australian Financial Services Licence requirements. This is achieved by keeping $150,000 in a term deposit.

The capital structure of the Group consists of cash at bank balances and equity of the Group (comprising issued capital and retained earnings).

	2016	2015
	$	$
Loans (current)	306,731	233,372
Loans (non-current)	1,809,319	2,019,228
	2,116,050	2,252,600
Equity	1,449,977	1,505,297

The Group is required to meet certain financial covenants under the terms and conditions of its bank borrowings. The Group is in full compliance with those covenants for, and as at the end, of the year.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses for each class of financial asset, financial liability, and equity instrument are disclosed in Note 2.

Categories of financial instruments	2016	2015
	$	$
Financial assets		
Cash	313,164	550,810
Receivables for goods and services (net of impairment)	416,451	552,940
Carrying amount of financial assets	729,615	1,103,750
Financial liabilities		
Other financial liabilities		
Trade creditors and payables	84,443	297,714
Borrowings - current	306,731	233,372
Borrowings - non-current	1,809,319	2,019,228
Carrying amount of financial liabilities	2,200,493	2,550,314

Notes to the Financial Statements
for the Year Ended 30 June 2016

14. Financial Instruments Disclosure (continued)	2016 $	2015 $
Net income and expense from financial assets and liabilities		
Interest income from financial assets	8,837	3,136
Finance costs from financial liabilities	(149,251)	(48,173)
Net gain / (loss) from net financial liabilities	(140,413)	(45,037)

The Group's activities expose it to financial risks. These risks can be classified into credit risk, interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects arising from these risks on the financial performance of the Group. Risk management techniques include keeping borrowings to a prudent level, maintaining spare borrowing capacity, regular cashflow forecasting, and management of receivables.

The Group does not enter into or trade derivative financial instruments for speculative purposes.

Details of financial instrument risks, and the effects they have on the profit and loss and equity position of the Group under different scenarios, are detailed under the relevant headings below.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets which have been recognised on the statement of financial position is the carrying amount. The Group is not materially exposed to any significant individual credit risk arising from receivables. None of these receivables are secured.

The Group has adopted a policy of only dealing with creditworthy counter parties, entering into direct debit arrangements with clients, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Other receivables mostly comprise outstanding trade settlements and interest receivable. The Group has no reason to believe that these amounts will not be received when due.

Credit risk of financial instruments not past due or individually determined as impaired;

	Not past due or impaired 2016
Receivables for goods and services	416,451
	416,451

Ageing of financial assets that are past due but not impaired 30 June 2016

	31 - 90 days	Greater than 90 days
Receivables for goods and services	5,029	19,675

	Not past due or impaired 2015
Receivables for goods and services	554,315
	554,315

Ageing of financial assets that are past due but not impaired 30 June 2015

	31 - 90 days	Greater than 90 days
Receivables for goods and services	52,081	4,345

Notes to the Financial Statements
for the Year Ended 30 June 2016

14. Financial Instruments Disclosure (continued)

(c) Interest rate risk

The Group's total bank borrowings at 30 June 2016 were $2,052,000 (2015 : $2,223,000). The borrowings are in the form of a bank bill facility. In addition to this, there were separate financing arrangements for specific asset purchases which totalled $64,050. These arrangements have fixed interest rates for their entire term.

As at 30 June 2016, the bank borrowing facility was split into two fixed and variable components. The fixed component of $1,140,000 is set for approximately 2 years until 5 June 2018, and the variable component totals $912,000 for which the interest rate is reset every three months. The after tax impact of a change in the rate of interest on the interest expense for the variable component is shown in the table below.

	Interest rate increase of		Interest rate Decrease of
	1%	2%	1%
Increase / (decrease) of annual interest expense	6,384	12,768	(6,384)

(d) Liquidity risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. This is done by maintaining adequate cash at bank, ensuring that sufficient equity is raised to support the business, and ensuring borrowings are repayable over a realistic timeframe.

The Group's financial liabilities are payables, financial institution borrowings, and asset/software leases.

The Group manages liquidity risk through the continuous monitoring of forecast and actual cashflows to ensure that there are appropriate resources to meet financial obligations.

The borrowings consist of a bank bill facility which was fully drawn down at year end.

	2016	2015
	$	$
Bank bill facility - fixed	1,140,000	1,140,000
Bank bill facility - variable	912,000	1,083,000
Amount drawn down at year end	2,052,000	2,223,000
Total balance of facilities available at year end	-	-

A maturity analysis, together with the effective weighted average interest rate for classes of financial liabilities, is set out below. The figures show both the interest and principal repayments required and assume interest rates on the variable component are as at year end.

30 June 2016	Weighted Average Interest Rate pa	Total due in less than 12 months	Total due in 12 months to 2 years	Total due in 2 to 5 years	Total due after 5 years	Indefinite
		$	$	$	$	$
Financial liabilities						
Trade and other payables	-	84,443	-	-	-	-
Equipment and software lease	6.56%	25,325	25,325	20,235	-	-
Borrowings	5.74%	394,478	324,535	1,763,444	-	-
Total financial liabilities		**504,246**	**349,860**	**1,783,679**	**-**	**-**

30 June 2015	Weighted Average Interest Rate pa	Total due in less than 12 months	Total due in 12 months to 2 years	Total due in 2 to 5 years	Total due after 5 years	Indefinite
		$	$	$	$	$
Financial liabilities						
Trade and other payables	-	297,714	-	-	-	-
Equipment lease	8.73%	7,746	7,746	20,656	-	-
Borrowings	5.72%	349,386	336,960	2,150,109	-	-
Total financial liabilities		**654,846**	**344,706**	**2,170,765**	**-**	**-**

The bank bill facility has a term of 5 years commencing from 27 February 2015, with required principal repayments of $228,000 per year over each of the next 5 years. The principal is required to be amortised to $1,140,000 by 27 February 2020. At this date, it is likely the loan will be refinanced, however, for the purposes of the above table, it is assumed to be repaid on that date.

Notes to the Financial Statements for the Year Ended 30 June 2016

15. Auditor's Remuneration

	2016 $	2015 $
Remuneration of HLB Mann Judd, the auditor of the Group		
Audit and review of the financial report *	39,150	35,500
Other services - taxation *	47,967	13,590
* Includes audit and taxation advice fees for Capricorn Diversified Investment Fund	87,117	49,090

16. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the reporting 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, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

17. Contingent Liabilities

The Group has in place a bank guarantee of $500,000 to fulfil its obligations to the Australian Securities Exchange as a non-broker participant. The bank guarantee remains undrawn.

18. Commitments

The Group had the following lease commitments at 30 June 2016.

	Total due in less than 12 months $	Total due in 12 months to 2 years $	Total due in 2 to 5 years $	Total due after 5 years $
Operating leases on premises	105,572	65,414	28,210	-

The Group had the following lease commitments at 30 June 2015.

	Total due in less than 12 months $	Total due in 12 months to 2 years $	Total due in 2 to 5 years $	Total due after 5 years $
Operating leases on premises	159,132	164,702	93,537	-

19. Franking Credits and Dividends

(a) Franking Credits

	2016 $	2015 $
Franking credits available for subsequent financial years based on a tax rate of 30%	-	12,408

The above amounts represent the balance 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; and

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements for the Year Ended 30 June 2016

19. Franking Credits and Dividends (continued)

(b) Dividends declared and paid during the year

No dividends were paid during the year.

(c) Dividends not recognised at year end:

No dividends were unrecognised at year end

20. Controlled Entities

The names and details of the Group's controlled entities during and at the end of the year are;

Name	% owned	Country of incorporation
Capricorn Investment Partners Pty Ltd	100	Australia
CIP Licensing Limited	100	Australia

21. Key Management Personnel and Related Party Disclosures

(a) Directors

The following persons were directors of the Company during the year.

David French

Owen Evans

Lance Livermore

Chris Heyworth

Michael Peet

There were no other key management personnel.

(b) Remuneration of Key Management Personnel

	2015	2015
	$	$
Short term employee benefits	441,432	135,712
Other short term benefits - consulting fees	96,167	25,000
Post employment benefits - superannuation	89,308	12,623
Post employment benefits - long service leave	8,487	2,866
	635,394	**176,201**

Note that the 2015 comparatives are for the period of incorporation from 18 December 2004 to 30 June 2015, and that KMP's only began receiving payments effective 27 February 2015.

Notes to the Financial Statements for the Year Ended 30 June 2016

21. Key Management Personnel and Related Party Disclosures (continued)

(c) Share Holdings

The number of shares in the Company held during the year by each member of the Key Management Personnel, including their personally related entities, is set out below. No shares were issued as remuneration during the year.

30 June 2016

Name	Balance at the beginning of the year	Acquired	Sold	Balance at end of the year
David French	127,487			127,487
Owen Evans	92,439			92,439
Lance Livermore	125,772			125,772
Chris Heyworth	125,772			125,772
Michael Peet	10,490			10,490

(d) Transactions with related entities

CIP Licensing Limited, a wholly owned subsidiary of the Group, acts as Responsible Entity for the Capricorn Diversified Investment Fund ("CDIF").

The Group derived management fees of $131,688 (2015 - $35,826 for period 27/2/15 to 30/6/15) from CDIF. At year end, CDIF owed the Group approximately $24,000 in accrued management fees.

The Group paid rent to CB Grand Pty Ltd of $60,843 during the year (2015 : $31,288 for the period 27/2/15 to 30/6/15) and owed CB Grand Pty Ltd $315 at 30 June 2016 (2015 : $196,255)

Notes to the Financial Statements
for the Year Ended 30 June 2016

22. Parent entity financial information

The individual financial statements for the parent entity, CIPL (Holding) Limited show the following aggregate amounts

Statement of financial position	**30/6/16**	**30/6/15**
	$	**$**
Current assets	843,307	1,050,605
Non-current assets	3,554,744	3,872,399
Total assets	**4,398,051**	**4,923,004**
Current liabilities	1,476,206	1,382,747
Non-current liabilities	1,884,766	2,056,650
Total liabilities	**3,360,972**	**3,439,396**
Net assets	**1,037,080**	**1,483,607**
Shareholders equity		
Issued capital	1,578,046	1,691,742
Retained earnings	(540,966)	(208,135)
Total shareholders equity	**1,037,080**	**1,483,607**

Statement of comprehensive income		
	2016	**2015 ***
Revenues	4,234,623	1,323,709
Expenses	4,567,455	1,572,204
Profit before tax	**(332,832)**	**(248,495)**
Income tax expense	-	-
Net profit after tax	**(332,832)**	**(248,495)**

* 2015 is for the period 18 December 2014 to 30 June 2015., with the Group commencing operations on 28 February 2015.

CIPL (Holding) Limited, CIP Licensing Limited, and Capricorn Investment Partners Limited have been required by the Group's lender to cross guarantee each other's commitments under the borrowing facility.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* , including :

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

(c) the financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Signed in accordance with a resolution of the Directors.

David French

Director, CIPL (Holding) Limited

27 October 2016

CIPL (Holding) Limited and Controlled Entities

ABN 97 603 442 959

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report

We have audited the accompanying financial report of CIPL (Holding) Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the period'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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the consolidated 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 about 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 company's preparation of the financial report that gives a true and fair view 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 company's and its controlled entities' 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd

Independence

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

Opinion

In our opinion:

(a) the financial report of CIPL (Holding) Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A B Narayanan
Partner

Brisbane, Queensland
27 October 2016