

CIPL (Holding) Limited

ABN: 97 603 442 959

ANNUAL REPORT 2015



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CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

MANAGING DIRECTOR'S REPORT

Strategic review

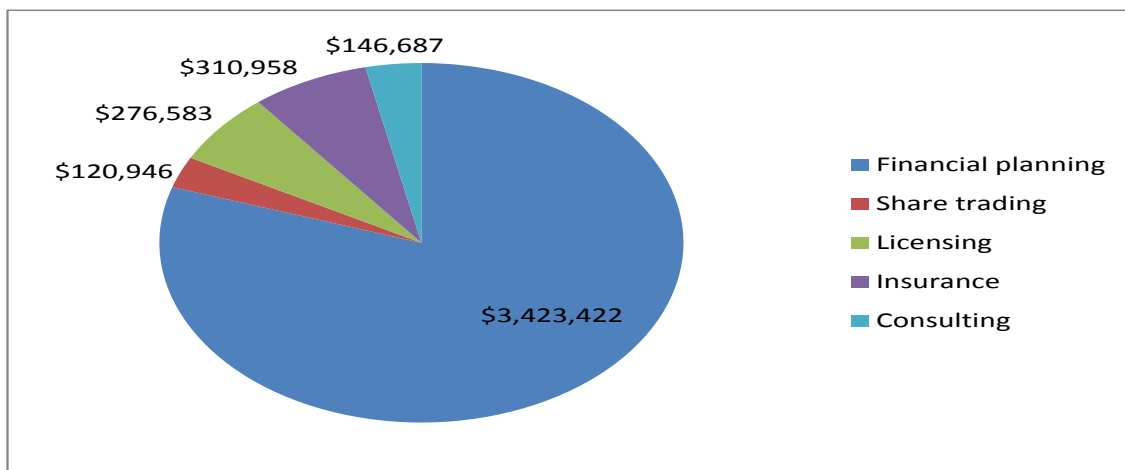
CIPL (Holding) Limited ("CIPLH") is a financial services firm providing services in personal wealth, Self-Managed Superannuation, asset management, AFSL licensing and SME consulting. Its proprietary technology and 30 staff enable the company to advise on around \$550 million in private client assets, including the assets of more than 150 SMSFs. Through its subsidiary CIP Licensing Limited, CIPLH is Responsible Manager for two public offer managed funds, and provides AFSL Licensing services to a number of external authorised representatives. It also consults to a range of SME businesses on capital raising, and start-up activities, strategic and operational matters.

On 27 February 2015, the company purchased the assets of Capricorn Investment Partners Limited from the administrators of CIPL's previous owner. The result of this is a group structure comprising CIPLH and CIP Licensing Limited. The group is operated such that CIPH provides financial services to clients and CIP Licensing maintains the group's Australian Financial Services Licence (AFSL), and provides outsourced AFSL services to external organisations. The group's main activities are based in Rockhampton and Melbourne.

Financial overview

Although established as a company on 18th December 2014, the operating activities of CIPLH only began on 1 March 2015. This means that the reported results only reflect operational outcomes for a period of four months. In addition, a number of set-up expenses were incurred and were taken through the Consolidated Statement of Comprehensive Income. As a result, the company reported a loss of \$186,445.

The chart below shows the sources of the combined revenue for Capricorn Investment Partners Limited and the CIPL (Holding) Limited group for the entire 2014/15 financial year.



Based on management accounts, the chart above shows income from operations of approximately \$4.3 million for financial year ended 30 June 2015. As shown in Note 23 to the published financial accounts, the company would have reported additional operating profit after tax of \$313,701 (pre deferred interest charged on the Pentad acquisition), had it owned the CIPL business for the full 12 months ended 30 June 2015 (the operating profit would have been even higher than this had restructuring expenses, borrowing costs and additional PAS amortisation not been incurred).

The purchase of the CIPL assets for \$3.41 million was funded using a combination of debt and equity. Debt was provided by Bank of Melbourne, and the equity by around 60 shareholders. A significant feature of the balance sheet is the value ascribed to the company's purpose built, in-house, portfolio administration system.

Operational overview

Following the purchase of the CIPL assets, the board of directors agreed on a business plan which is expected to enable significant growth in the business and its profitability, improvements in service levels for clients and a stimulating and rewarding work environment. Key elements of the business plan include:

- Increased use of the company's in-house portfolio system, which is expected to:
 - o significantly improve reporting outcomes for clients
 - o for many clients, reduce overall administrative fees
 - o improve compliance outcomes
 - o reduce administrative effort.
- Further increasing use of technology including moving to all-electronic records, implementing upgraded IT systems and a new database for improved client interaction
- Increased use of the in-house managed fund (Capricorn Diversified Investment Fund), which is intended to result in returns comparable with the share-market, while lowering volatility
- Increased focus on share trading services, where the firm has recently engaged a dedicated senior employee
- Increased focus on growing CIPLH's licensing and consulting offerings.

Each of these areas is being pursued with focus, and early indications are quite positive.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

MANAGING DIRECTOR'S REPORT (continued)

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

5 November 2015

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

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 period ended 30 June 2015. Throughout the report, the consolidated entity is referred to as the "Group". The report is for the period from 18 December 2014 (the date of the Company's incorporation) to 30 June 2015. The Group commenced business operations on 1 March 2015.

1 : Directors

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

David M French, B.Ec, Dip CM (appointed 18 December 2014)

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) (appointed 18 December 2014)

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 Bristle, 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 (appointed 22 April 2015)

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 (appointed 22 April 2015)

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 (appointed 18 December 2014)

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.

Company Secretary

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

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

2 : Dividends

No dividends were paid or declared in respect of the period ended 30 June 2015 and directors do not currently recommend the payment of a dividend.

3 : Principal Activity

The principal activities of the Group during the period 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..

The Group commenced its business operations on 1 March 2015.

4 : Operating and Financial Review

For the period to 30 June 2015, the Group recorded a net loss after tax of \$186,445. Note that this result is for the four months of operation from 1 March 2015 to 30 June 2015, and includes certain establishment costs.

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

The Company was incorporated on 18 December 2014. On 27 February 2015, the Company acquired the business of Capricorn Investment Partners Limited and commenced providing financial services.

7 : Significant Events After Balance Date

On 16 September 2015, shareholders approved that the Company make an equal capital return of 10c per ordinary share to all shareholders. The cash to be paid out to shareholders totals \$113,877.

Other than the above, no matters or circumstances have arisen since 30 June 2015, 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*.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

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 meets was as follows:

	Number of meetings held whilst a director	Number of meetings attended
David French	5	5
Owen Evans	5	4
Lance Livermore	2	2
Christopher Heyworth	2	2
Michael Peet	5	5

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

	2015
	\$
Tax and accounting compliance services	13,590

Signed in accordance with a resolution of the Directors



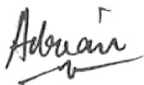
David French
Director, CIPL (Holding) Limited
5 November 2015

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 2015, 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 handwritten signature in black ink, appearing to read 'A B Narayanan'.

A B Narayanan
Partner

Brisbane, Queensland
5 November 2015

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (SE Qld Partnership) is a member of  International, a worldwide network of independent accounting firms and business advisers.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Comprehensive Income
for the Period Ended 30 June 2015**

	Note	Period 18 December 2014 to 30 June 2015 \$
Revenue		
Financial planning		1,143,247
Insurance		101,290
Consulting		26,055
Share trading revenue		44,021
Management and administrative services		35,826
Authorised representative fees		63,997
Interest income		3,136
Total revenue		1,417,573
Expenses		
Employee benefits expenses		845,273
Administration expenses		264,548
Bad and doubtful debts		(1,178)
Borrowing costs		56,464
Insurance		28,294
Commission, consulting, and subcontractor expenses		95,020
Occupancy costs		66,917
Depreciation and amortisation expense		138,153
Costs of acquisition of business		93,908
Finance costs		48,173
Total expenses		1,635,570
Loss before tax		(217,998)
Income tax (expense) / credit	3	31,552
(Loss) after tax for the period		(186,445)
Other comprehensive income		
Other comprehensive income for the period (net of tax)		-
Total comprehensive income for the period		(186,445)

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Consolidated Statement of Comprehensive Income (continued) **for the Period Ended 30 June 2015**

	Period 18 December 2014 to 30 June 2015
Note	\$
Profit / (loss) attributable to :	
Owners of the company	(186,445)
Non-controlling interests	-
	<u>(186,445)</u>
Total comprehensive income attributable to :	
Owners of the company	(186,445)
Non-controlling interests	-
	<u>(186,445)</u>

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Financial Position
as at 30 June 2015**

	Note	2015 \$
Current Assets		
Cash and cash equivalents		550,810
Trade and other receivables	4	670,180
Prepayments & deposits		84,269
Total Current Assets		1,305,260
Non Current Assets		
Security deposits		37,481
Plant and equipment	5	254,100
Intangible assets	6	3,191,122
Deferred tax assets	3	146,000
Total Non Current Assets		3,628,703
Total Assets		4,933,963
Current Liabilities		
Trade and other payables	7	523,128
Income in advance	8	333,741
Current tax payable		12,408
Employee entitlements	10	269,367
Borrowings	9	233,372
Total Current Liabilities		1,372,016
Non Current Liabilities		
Borrowings	11	2,019,228
Employee entitlements	10	37,422
Total Non Current liabilities		2,056,650
Total Liabilities		3,428,666
Net Assets		1,505,297
Equity		
Contributed equity	12	1,691,742
Retained profits / (accumulated losses)		(186,445)
Total Equity		1,505,297

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Changes in Equity
for the Period Ended 30 June 2015**

	Contributed Equity	Reserves	Retained Profits	Total Equity
	\$		\$	\$
Balance at 18 December 2014 (date of incorporation)	-	-	-	-
Profit / (Loss) for the period	-	-	(186,445)	(186,445)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Issuance of ordinary shares	1,702,492	-	-	1,702,492
<i>Other transactions in equity</i>	-	-	-	-
Costs of issuing ordinary shares	(10,750)	-	-	(10,750)
Balance at 30 June 2015	1,691,742	-	(186,445)	1,505,297

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Statement of Cash Flows
for the Period Ended 30 June 2015**

		Period 18 December 2014 to 30 June 2015 \$
Cash flows from operating activities	Note	
Receipts from customers		1,443,282
Interest received		3,136
Payments to suppliers and employees		(1,577,922)
Interest paid		<u>(48,173)</u>
Net cash outflows from operating activities	13	<u>(179,678)</u>
 Cash flows from investing activities		
Payments for acquisition of business (net of cash acquired)	23	(3,139,696)
Payments for plant and equipment		(74,158)
 Net cash outflows from investing activities		<u>(3,213,855)</u>
 Cash flows from financing activities		
Proceeds from borrowings		2,311,289
Repayment of borrowings		(58,689)
Issuance of ordinary shares (net of costs of issue)		1,691,742
 Net cash inflows from financing activities		<u>3,944,342</u>
 Net increase / (decrease) in cash and cash equivalents		550,810
Cash and cash equivalents at the date of incorporation		<u>-</u>
 Cash and cash equivalents at the end of the financial period	13	<u>550,810</u>

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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 Company was incorporated on 18 December 2014 and acquired the business of Capricorn Investment Partners Limited on 27 February 2015.

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 5 November 2015.

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 cover the period from the Company's incorporation on 18 December 2014 to 30 June 2015.

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. 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 Period Ended 30 June 2015

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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 period.

With the exception of available for sale financial assets, if, in a subsequent period, 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.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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 period 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 period is the tax payable on the current period'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 Period Ended 30 June 2015**

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.

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 during the period ended 30 June 2015, there are no comparatives presented.

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 period 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 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 Company'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.

C IPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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 period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period 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 period 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 periods of service. Expected future payments are discounted using market yields at the end of the reporting period 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 period.

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.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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 period.

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 period 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.

Borrowing Costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

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 period, 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 period.

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 Company 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 annual reporting period ended 30 June 2015, 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 2017 but is available for early adoption. The potential effects on adoption of the standard are yet to be determined. *	1 July 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 company expects to be entitled in exchange for those goods or services.	1 July 2017	1 July 2017

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

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Notes to the Financial Statements
for the Period Ended 30 June 2015**

3. Income Tax

2015

\$

(a) Income tax expense / (credit) from continuing operations

Current tax	12,409
Deferred tax	(43,961)
Tax credit reported in statement of comprehensive income from continuing operations	<u>(31,552)</u>

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss	
- Provision for long service leave	58,421
- Annual leave	33,616
- Borrowing costs	16,216
- Accrued expenses	14,520
- Capital raising and other costs	2,580
- Tax losses carried forward	58,988
	<u>184,340</u>
Set-off of deferred tax liabilities	(38,340)
Net deferred tax assets	<u>146,000</u>

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss	
- Accrued revenues	27,000
- Difference between tax and accounting value depreciable assets	11,340
	<u>38,340</u>
Set-off to deferred tax assets	(38,340)
Net deferred tax liabilities	<u>-</u>

(d) Movements in net deferred tax assets/liabilities

Opening balance	-
Net deferred tax assets acquired on business combination	102,039
Charged / (credited) to statement of comprehensive income	(43,961)
Closing balance	<u>146,000</u>

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

	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:	
Accounting profit / (loss) before income tax	(217,998)
Tax at the statutory income tax rate of 30%	(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	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	
Trade receivables	554,315
Less provision for impairment	(1,375)
Net trade receivables	552,940
 Accrued income	110,260
Other	6,980
	670,180

There was a provision for impaired receivables at 30 June 2015 of \$1,375. The provision related to trade debtors acquired from Capricorn Investment Partners Limited. There were no other receivables past due not impaired, at 30 June 2015. Refer Note 14 for information on risk exposure.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

2015
\$

5. Plant and Equipment

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

Office equipment at cost	139,650
less accumulated depreciation	<u>(8,163)</u>
	131,487
Leasehold improvements at cost	123,089
less accumulated depreciation	<u>(476)</u>
	122,613
Plant and Equipment	<u>254,100</u>

Movements in carrying amounts

Office equipment at written down value beginning of period	-
Additions	95,362
Acquisition of business	44,288
Depreciation	<u>(8,163)</u>
Balance at end of period	<u>131,487</u>
Leasehold improvements at written down value beginning of period	-
Additions	116,736
Acquisition of business	6,352
Depreciation	<u>(476)</u>
Balance at end of period	<u>122,612</u>

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

2015
\$

6. Intangible Assets

PAS 3 software	1,786,852
Other software	26,549
Goodwill	1,377,721
	3,191,122

Movement in carrying amounts

	PAS 3 software 2015	Other software 2015	Goodwill 2015	Total 2015
Balance beginning of period	-	-	-	-
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	(127,632)	(1,896)	-	(129,529)
Balance end of period	1,786,852	26,549	1,377,721	3,191,122

Note 23 provides further information regarding the movements above.

Goodwill at 30 June 2015 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 Group has also undertaken an analysis of the value of the PAS 3 client portfolio management system acquired from CIPL. The value is based on the estimated cost of using alternative commercially available portfolio platforms, over a period of 5 years, based on a 16% pre-tax discount rate.

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

2015
\$

7. Trade and Other payables

Trade creditors	293,460
Credit cards	4,254
Accrued expenses	65,672
Superannuation payable	32,917
GST payable	85,488
PAYG payable	41,336
Total trade and other payables	523,128

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

2015

\$

8. Income in Advance

Client fees received in advance

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 2015 on a straight-line basis as they are derived.

9. Borrowings - current

Bank of Melbourne - term loan

228,000

Software lease

5,372

Total current borrowings

233,372

10. Employee entitlements - current

Provision for annual leave

112,052

Provision for long service leave

157,315

Total entitlements

269,367

Movements in employee entitlements - current

Annual leave

Opening balance beginning of period

-

Leave accrued

83,327

Leave taken / paid out

(67,765)

Leave obligation assumed on acquisition of business

96,490

Closing balance end of period

112,052

Long service leave

Opening balance beginning of period

-

Leave accrued

8,808

Leave taken / paid out

-

Leave obligation assumed on acquisition of business

148,507

Closing balance end of period

157,315

Employee entitlements - non-current

Provision for long service leave

37,422

37,422

Movements in employee entitlements - non-current

Opening balance beginning of Period

-

Leave accrued

6,532

Leave taken / paid out

(11,835)

Leave obligation assumed on acquisition of business

42,725

Closing balance end of Period

37,422

11. Borrowings - non-current

Bank of Melbourne - term loan

1,995,000

Software lease

24,228

Total non-current borrowings

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.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

	2015 Number of shares	2015 \$
12. Contributed Equity		
Share capital		
Ordinary shares fully paid on issue at 30 June 2015 - 1,138,768 ordinary shares fully paid		
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

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.

	2015 \$
13. Cash and Cash Equivalents	
(a) Reconciliation of cash and cash equivalents	
Cash and cash equivalents comprise:	
Cash at bank	400,810
Cash held in term deposit	150,000
	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 2015, 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	
Loss for the period after tax	(186,445)
Depreciation and amortisation	138,153
Decrease / (increase) in prepayments	30,828
(Increase) / decrease in receivables	(101,914)
(Increase) / decrease in income in advance	115,071
Increase / (decrease) in payables and accruals	(162,884)
Increase / (decrease) in provisions	19,066
Decrease / (increase) in deferred tax benefit	(43,960)
Increase / (decrease) in current tax liabilities	12,408
Net cash inflows / (outflows) from operating activities	(179,678)

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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).

	2015
	\$
Loans (current)	233,372
Loans (non-current)	<u>2,019,228</u>
	<u>2,252,600</u>
Equity	<u>1,505,297</u>

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 period.

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	2015
	\$
Financial assets	
Cash	550,810
Receivables for goods and services (net of impairment)	<u>552,940</u>
Carrying amount of financial assets	<u>1,103,750</u>
Financial liabilities	
Other financial liabilities	
Trade creditors and payables	297,714
Borrowings - current	233,372
Borrowings - non-current	<u>2,019,228</u>
Carrying amount of financial liabilities	<u>2,550,314</u>

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

	2015
	\$
14. Financial Instruments Disclosure (continued)	
Net income and expense from financial assets and liabilities	
Interest income from financial assets	3,136
Finance costs from financial liabilities	(48,173)
Net gain / (loss) from financial liabilities	<u>(45,037)</u>

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, 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 2015
Receivables for goods and services	<u>554,315</u>
	<u>554,315</u>

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	<u>52,081</u>	<u>4,345</u>

**Notes to the Financial Statements
for the Period Ended 30 June 2015**

14. Financial Instruments Disclosure (continued)

(c) Interest rate risk

The Group's total bank borrowings at 30 June 2015 were \$2,223,000. The borrowings are in the form of a bank bill facility.

As at 30 June 2015, the facility was split into two fixed and variable components. The fixed component of \$1,140,000 is set for 3 years until 5 June 2018, and the variable component totals \$1,083,000 for which the interest rate is reset every three months. The 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	10,830	21,660	(10,830)

(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 and financial institution borrowings.

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.

Bank bill facility - fixed	1,140,000
Bank bill facility - variable	1,083,000
Amount drawn down at year end	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.

	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 \$
2015						
Financial liabilities						
Trade and other payables	-	297,714	-	-	-	-
Finance lease	8.73%	7,746	7,746	20,656	-	-
Borrowings	5.72%	349,386	336,960	2,150,109	-	-
Total financial liabilities		654,847	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.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

15. Auditor's Remuneration

	2015 \$
Remuneration of HLB Mann Judd, the auditor of the Group	
Audit and review of the financial report *	35,500
Other services - taxation *	13,590
	<u>49,090</u>

* Includes audit and taxation advice fees for Capricorn Diversified Investment Fund

16. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the reporting period 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 Periods.

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 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

	2015 \$
Franking credits available for subsequent financial periods based on a tax rate of 30%	<u>12,408</u>

The above amounts represent the balance of the franking account as at the end of the financial period, 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 Period Ended 30 June 2015**

20. Franking Credits and Dividends (continued)

(b) Dividends declared and paid during the period

No dividends were paid during the period.

(c) Dividends not recognised at period end:

No dividends were unrecognised at period end

21. Controlled Entities

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

Name	% owned	Country of incorporation
Capricorn Investment Partners Limited (Note, company changed its name to Capricorn Investment Partners Pty Ltd post year end)	100	Australia
CIP Licensing Limited	100	Australia

22. Key Management Personnel and Related Party Disclosures

(a) Directors

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

David French (appointed 18 December 2014)

Owen Evans (appointed 18 December 2014)

Lance Livermore (appointed 22 April 2015)

Chris Heyworth (appointed 22 April 2015)

Michael Peet (appointed 18 December 2014)

There were no other key management personnel.

(b) Remuneration of Key Management Personnel

	2015
	\$
Short term employee benefits	135,712
Other short term benefits - consulting fees	25,000
Post employment benefits - superannuation	12,623
Post employment benefits - long service leave	2,866
	176,201

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

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

(c) Share Holdings

The number of shares in the Company held during the period 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 period.

30 June 2015

Name	Balance at the beginning of the Period	Acquired	Sold	Balance at end of the Period
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 \$35,826 from CDIF. At year end, CDIF owed the Group approximately \$9,000 in accrued management fees.

The Group also acquired office furniture and fitout from CB Grand Pty Ltd, a fully owned subsidiary of CDIF at a price of \$169,216.

The Group paid rent to CB Grand Pty Ltd of \$31,288 during the period and owed CB Grand Pty Ltd \$196,255 at 30 June 2015.

23. Business Combination

Effective 27 February 2015, the Group acquired 100% of the business of Capricorn Investment Partners Limited ("CIPL"), a financial planning firm with offices in Rockhampton and Melbourne. Immediately after this transaction was effected, the Group acquired all the shares in CIPL from ILH Group Limited.

The consideration paid for the CIPL business consisted of \$3,410,000 in cash. The consideration paid for the shares of CIPL was \$1.00. There was no deferred consideration. The cash was paid directly to St George Bank, in accordance with an agreement with the administrators of ILH Group Limited.

The calculation of the value of the total consideration paid and payable for CIPL at the acquisition date is set out below;

Type of consideration	Date payable/ paid	Gross value	Fair value at acquisition date 27/2/15	Discount rate applied to deferred consideration	Conditions
Cash (deposit)	24/12/2014	300,000	300,000	N/A	None
Cash (balance)	27/02/2015	3,110,000	3,110,000	N/A	None
Total		3,410,000	3,410,000		

The net cash effect of the acquisition is calculated as follows;

Consideration paid	3,410,000
Less cash held by CIPL at acquisition date	(270,304)
Net cash from business combination	3,139,696

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

23. Business Combination (continued)

The fair value of the assets and liabilities acquired from CIPL were as follows;

	\$
Assets	
Cash	270,304
Security deposits	52,864
Accounts receivable	452,041
Plant & equipment (net of accumulated depreciation)	50,640
Prepayments	115,098
PAS system	1,914,485
Deferred tax asset (on employee provisions and accruals)	102,039
Other assets / receivable	58,956
Total assets	3,016,427
Liabilities	
Accounts payable	153,033
Income in advance	218,670
Employee liabilities	102,528
GST	169,022
Provision for Long Service Leave	191,232
Provision for Annual Leave	96,491
Accrued expenses	53,172
Total liabilities	984,147
Net assets acquired	2,032,279
Fair value of consideration paid	3,410,000
Goodwill on acquisition	1,377,721

The goodwill figure represents the excess of the consideration paid over the fair value of the identifiable assets.

Had the acquisition been effective from 1 July 2014, the effect on the Group's statement of financial performance would have been as follows;

Additional revenues	2,868,578
Additional operating costs	(2,420,434)
Additional operating profit before income tax	448,145
Deferred interest expenses	(210,909)
Net profit before income tax	237,236
Income tax (@ 30%)	(134,443)
Additional profit / (loss) after income tax	102,792

Note -The deferred interest expense is not tax deductible.

Deferred interest expenses represent non-cash interest that related to deferred consideration on the Pentad acquisition which occurred in September 2013.

The actual increase in operating profit post tax would have been \$313,701

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Period Ended 30 June 2015

24. Parent entity financial information

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

Statement of financial position	30/6/15
Current assets	1,050,605
Non-current assets	<u>3,872,399</u>
Total assets	<u>4,923,004</u>
Current liabilities	1,382,747
Non-current liabilities	<u>2,056,650</u>
Total liabilities	<u>3,439,396</u>
Net assets	<u>1,483,607</u>
Shareholders equity	
Issued capital	1,691,742
Retained earnings	<u>(208,135)</u>
Total shareholders equity	<u>1,483,607</u>

Statement of comprehensive income for the period 18 December 2014 to 30 June 2015

Revenues	1,323,709
Expenses	<u>1,572,204</u>
Profit before tax	<u>(248,495)</u>
Income tax expense	<u>-</u>
Net profit after tax	<u>(248,495)</u>

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.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

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 2015 and of its performance for the financial period 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
5 November 2015

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 2015, 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 (SE Qld Partnership) ABN 68 920 406 716

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HLB Mann Judd (SE Qld Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

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 2015 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.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Brisbane, Queensland
5 November 2015**

A handwritten signature in black ink that appears to read 'A B Narayanan'.

**A B Narayanan
Partner**