Trustees Australia Limited

ANNUAL REPORT 2017

CONTENTS

DIRECTORS' REPORT

The board of directors of Trustees Australia Limited (Trustees Australia) submits to members the Financial Report of the company and its controlled entities (group) for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the group during the year were:

Financial Services Activities (continuing operations) comprising:

- custodial and responsible entity services through Trustees Australia;
- fixed interest broking and advisory through Rim Securities Limited (Rim Securities); and
- development of fund management activities in RedGate Asset Mangement Limited.

Tourism and Hospitality Activities (dscontinued operations) comprising:

- ownership and operation of Magnums Airlie Beach Backpackers in Jimmy Crow Limited (reserved NSX Code: JCC);

Property and Investment Activities (discontinued operations) comprising:

- property ownership and management at Airlie Beach;
- a 42.92% interest in the Whitsunday Village Retail Property No 1 (WVRPT), a managed investment scheme formed in 1997 as a retail rental investment fund with Trustees Australia as its Responsible Entity. WVRPT was wound up on 30 June 2017 after a pro-rata distribution of remaining funds after selling the last property asset held.
- investment in Australian Dairy Farms Group (ADFG) stapled securities. ADFG is listed on ASX (Code AHF) and owns dairy farms and dairy livestock in Victoria's South West district, and a dairy processing plant at Camperdown. Trustees Australia Limited is the Responsible Entity of Australian Dairy Farms Trust and holds 15,194,507 fully paid stapled securities in AHF.

During the year, the board advised shareholders and ASX of planned significant changes in the scale or nature of the group's activities with the JCC Demerger and Cashwerkz Acquisition. These and other related changes were subject to approval by shareholders at a General Meeting of the company held subsequent to the financial year end on 31 July 2017.

The 31 July 2017 meeting approved all resolutions presented by a significant margin:

- the proposed demerger of the group's tourism, property and security investment assets (JCC Demerger);
- the acquisition of Cashwerkz's online term deposit management platform (Cashwerkz Acquisition); and
- other related resolutions to give effect to the proposed restructure.

The JCC Demerger will take the form of a pro-rata in-specie distribution to eligible shareholders of all of its issued shares in Jimmy Crow so that each eligible shareholder in Trustees Australia on the Record Date for the transaction will receive one fully paid Jimmy Crow Share for each Trustees Australia share held. The Cashwerkz Acquisition will be by acquisition of the units in the underlying trust that owns the Cashwerkz company entity and related intellectual property.

The transactions approved by the General Meeting are expected to be completed in the week commencing 14 August 2017. At that time Messers John Nantes and Brook Adcock will join the Trustees Australia board. Full details of the transactions and independent reports about the transactions are included in the Notice of Meeting dated 30 June 2017 and lodged with ASIC and ASX on that date, a copy of which can be found on the Trustees Australia website.

OUR BUSINESS MODEL AND OBJECTIVES

Following the JCC Demerger and Cashwerkz Acquisition, the group will be exclusively focused on its financial services activities. The expanded Trustees Australia Group will increase its combined online and back office fixed interest capabilities, particularly in term deposits and bonds and provide easier transaction solutions for retail and wholesale investors. This will position the group for future growth while maintaining transparency of its strategies and business focus.

OPERATING RESULTS AND REVIEW OF OPERATIONS

OPERATING RESULT

The consolidated net loss for the year ended 30 June 2017 attributed to members of Trustees Australia, after providing for income tax was $2,047,483 (2016: $530,548).

The result was achieved on Financial Services revenue of $1,336,040 (2016: $1,653,798), total expenses of $1,590,023 (2016: $1,564,886) and loss from discontinued operations of $1,793,500 (2016: $619,460).

The movement in discontinued operations is largely attributable to the revaluation decreases on ADFG stapled securities at a 30 June 2017 closing price of 11.5 cents per stapled security compared to 17.5 cents on 30 June 2016.

FINANCIAL POSITION

The net assets of the group decreased by $2,047,483 to $6,997,245 at 30 June 2017, compared with $9,044,728 at 30 June 2016. This was predominantly as a result of increased borrowings to fund operations and revaluation decreases on ADFG stapled securities.

The group has borrowings of $685,448 (2016: $47,368) at 30 June 2017.

Net tangible asset backing per issued share was 18.7 cents at 30 June 2017 compared with 24.6 cents at 30 June 2016.

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS

Financial Services Segment - continued operations

- ***CUSTODY, RESPONSIBLE ENTITY AND TRUSTEE SERVICES***

  In conjunction with the Cashwerkz Acquisition and JCC Demerger, the board expects to implement restructuring and recapitalise the Trustees Australia group with the Financial Services businesses to facilitate the expansion of funds management activities in these segments.

- ***FIXED INTEREST SPECIALISTS (RIM SECURITIES)***

  Rim Securities provides fixed income brokerage services to a range of wholesale and retail customers. During the period under review, the company has expanded its personnel numbers with experienced people who have the capacity to significantly grow the business. Additional resources have been allocated to completion of systems to support dealing staff.

  The Rim Securities business operation is closely connected with the proposed Cashwerkz Acquisition which provides an online automated platform for managing term deposits between ADIs. Throughout the year, Rim Securities and Trustees Australia have evaluated the capabilities of the Cashwerkz on-line platform for managing term-deposits and other investments and have established the synergies between Cashwerkz and Rim Securities for the purpose of the Cashwerkz Acquisition.

  Following the Cashwerkz Acquisition, the board expects to recapitalise the Trustees Australia group to facilitate further development and integration with the Cashwerkz platform.

Tourism and Hospitality Segment - discontinued operations

- ***MAGNUMS BACKPACKER OPERATIONS***

  Trading at Magnums Airlie Beach has continued to benefit from the increase in inbound tourism nationally including a substantial increase in visitors from China. The lower and more reliable A$ exchange rate has been of significant assistance to increased visitor numbers along with Australia's continued attraction as a safe and friendly tourist destination. Queensland Visitor Surveys compiled for Tourism Queensland, the State's Tourism Marketing Corporation reported that visitation to the Whitsunday region grew by 57% in the year to 31 December 2016, the highest growth region in Queensland. Management and the directors are hopeful that this improving trend will continue once the setback from Cyclone Debbie are behind the region. Reviews and feedback from guests at Magnums on social media are very positive and implemented upgrades on online booking systems and new sailing and diving products have been introduced and packaged.

Cyclone Debbie

As noted, Cyclone Debbie, a category four system hit Airlie Beach the morning of 28 March 2017 with wind gusts up to 260 km/h near the centre of the system. The centre was above Airlie Beach and surrounding areas and it produced prolonged periods of high and low pressures causing extensive damage and flooding from waterways and storm surge. The extensive gardens and greenspace of the Magnums property was extensively damaged, one lower lying section of the property was flooded by the water overflowing Airlie Creek although surprisingly, there was relatively minimal visible building damage.

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS (cont'd)

- ***MAGNUMS BACKPACKER OPERATIONS (CONT'D)***

Air conditioning units and communications facilities were destroyed or damaged and all buildings suffered some water entry damage. Water, sewerage, power and telephone services were temporarily out of order for approximately one week. During that time, an immediate clean-up was commenced and generator power owned by the company was established promptly and Magnums was the first accommodation premises to open for business with reduced capacity approximately one week after the event.

The board has always placed emphasis on ensuring that adequate and broad based categories of insurance cover including for loss of profits was in place and directors are confident that all loss and damage will be recovered or paid for in full by insurers, with the exception of the $100,000 insurance excess. Repair work is insured on a "new for old" basis as in usual and extra costs of working such as extra management travel and consultants costs and building approvals and the like are all claimable expenses. Trustees Australia director, Nathan Leman, who holds a commercial builder's registration, is supervising works undertaken and specialist consultants in damage assessment have been engaged including for measurement of not easily visible damage such as roof uplift / movement and inner-wall mould etc.

Disruption to accommodation and trading as a result of building works on the property are also covered by the loss of profits insurance and aside from the $100,000 excess, the company should not be out of pocket. Existing insurers have also accepted liability for insurance of the same or similar risks for the next insurance year at similar premium levels.

Tourism Awards

Magnums Backpackers won the Backpacker segment of the Whitsunday Tourism Awards in September 2016 which is the fifth consecutive win for the property. Normally the winners of each regional segment also contest the Queensland and then Australian tourism awards, however Magnums Backpackers is restricted from entering the Queensland awards because Elizabeth Hackett, who is primarily responsible for the management and performance of Magnums has a conflict of interest in acting as a judge for the Queensland Tourism Awards. These achievements reflect directly the efforts and enthusiasm of operational staff and management who have continually presented the property and marketed the tourism products well and who ensure best practice management, safety and workplace conditions are always in place and observed

Property and Investment Segment - discontinued operations

- ***WHITSUNDAY VILLAGE PROPERTY TRUST***

On 30 June 2017, the Whitsunday Village Retail Property Trust was finalised after completion of the sale of all property assets and distribution of the balance of funds held to unitholders on a pro-rata basis while retaining a provision for winding up costs. ASIC has since notified that the managed investment scheme has been deregistered.

- ***DEVELOPMENT PROPERTY***

The group retains development land at Airlie Beach adjoining the Magnums Backpackers property, which is currently used for vehicle parking and access. The land parcel has a strategic value in terms of the future development of various adjoining land parcels. The directors are in continuing discussions with the local authority and adjoining property owners with respect to complementary development of this land in conjunction with development on adjoining parcels.

- ***AUSTRALIAN DAIRY FARMS GROUP***

Since listing on the ASX in October 2014 as Australia's first listed dairy farmer with a market capitalisation of approximately $11 million, Australian Dairy Farms Group (ADFG) has grown into a vertically integrated dairy farmer, milk processor and product manufacturer in the Australian market with a market capitalisation of $21.4 million at 30 June 2017. Trustees Australia is the responsible entity of the Trust entity of ADFG and Trustees Australia Limited Chairman, Michael Hackett is also Chairman of ADFG.

In November 2016, Trustees Australia exercised its option to convert 145 convertible notes to fully paid stapled securities in ADFG (ASX: AHF) and currently holds 15,194,507 stapled securities. Trustees Australia is the largest single shareholder in ADFG, holding 8.16% at 30 June 2017.

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FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The group's immediate focus is on business strategy, simplifying structure and operations as referred to above. The directors anticipate that by 10 August 2017 the JCC Demerger and Cashwerkz Acquisition will have completed and the two separate exchange listed company groups will be in expansion mode. The group is exposed to business risk that may affect its ability to achieve the above objectives, including market conditions in the financial services segment, the volatility of property which subsequently impact the Trustees Australia investment and the Australian currency and economic conditions in countries of origin of international backpackers in the tourism segment

INFORMATION ON DIRECTORS

The following persons held office as directors of Trustees Australia during or since the end of the year. The names and details of the directors are:

Name	Position
Michael Hackett	Managing Director / Chairman
Kerry Daly	Director
Nathan Leman	Director

Two additional directors Mr Brook Adcock and Mr John Nantes were approved by shareholders to be appointed as directors from completion of the Cashwerkz Acquisition – expected to occur in the week commencing 14 August 2017.

DIRECTORS

Michael Hackett	**Managing Director/Acting Chairman (Executive)**
Qualifications	Bachelor of Commerce - University of Queensland Fellow - Institute of Chartered Accountants in Australia ACA Financial Planning Specialist
Directorships held in other listed entities in the past 3 years	Australian Dairy Farms Limited (formerly APA Financial Services Limited) – non-executive director from May 2009 to current
Interest in Trustees Australia shares & options	Michael Hackett has a relevant interest in 15,739,203 shares in Trustees Australia at 30 June 2017.
Michael was the founding chairman and managing director when the company was incorporated in 1986 and was reappointed chairman in November 2010 on retirement of Mr Richard Green. Michael is an associate of the company's majority shareholders through private company interests. He has had considerable experience in managing and operating a wide range of businesses and property developments and is responsible for the day-to-day activities of the company.	

Kerry Daly	**Director (Non-Executive, Independent)**
Qualifications	Bachelor of Business (Accountancy) – Queensland University of Technology Certified Practicing Accountant
Directorships held in other listed entities in the past 3 years	Collection House Limited – non-executive director from Oct 2009 to current Axsesstoday Limited - non-executive director from October 2016 to current
Interest in Trustees Australia shares & options	Kerry Daly has a relevant interest in 460,200 shares in Trustees Australia at 30 June 2017.
Kerry was appointed as a director on 17 March 2009. He is an experienced senior executive and public company director with some 30 years' experience in the financial services sector, including retail banking, equities and bond markets dealing, funds management, investment banking and corporate advisory. He has around twenty years' experience at chief executive officer, managing director and executive director level.	

DIRECTORS (cont'd)

Nathan Leman	Director (Non-Executive)
Qualifications	Commercial Builder and Project Manager
Directorships held in other listed entities in the past 3 years	Nil
Interest in Trustees Australia shares & options	Nathan Leman has a relevant interest in 2,878,880 shares in Trustees Australia at 30 June 2017.

Nathan was appointed as a director on 24 November 2010. He is a qualified project manager with approximately 20 years hands-on experience in managing development, construction and technology acquisition and implementation projects. He is responsible for the design and implementation of property and IT projects for the Trustees Australia group, including those relating to financial services technology platforms. As a director of Trustees Australia, Nathan has been appointed to the boards of most of its subsidiary entities and he takes a significant active role in management of the ADFG's dairy farms.

COMPANY SECRETARY

The following persons held office as a company secretary of Trustees Australia during the financial year:

Jerome Jones	Company Secretary
Interest in Trustees Australia shares & options	Jerome Jones has no relevant interest in Trustees Australia shares at 30 June 2017.

Jerome was appointed company secretary on 29 August 2014. Jerome is an experienced financial and management accounting analyst with experience in Australia and the UK. He is CPA qualified with specialist skills and experience in detailed management accounting and procedure implementation in several private and ASX listed businesses.

MEETINGS OF DIRECTORS

The board generally meets on at least a bi-monthly basis either in person or by telephone conference. Directors meet bi-annually with the group's auditor to discuss relevant issues. On matters of corporate governance, the board retains its direct interest rather than through a separate committee structure which would be inappropriate for a company of the modest size and structure of Trustees Australia.

Aside from formally constituted directors' meetings, the non-executive directors are in regular contact with each other regarding the operation of the company and particular issues of importance. Written reports on trading activities, budget and performance and operating strategies are provided to the directors on a monthly basis or as required by changing circumstances.

The number of directors' meetings and number of meetings attended by each of the company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Michael Hackett	6	6
Kerry Daly	6	6
Nathan Leman	6	6

DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended a dividend for the year ended 30 June 2017 (2016: $nil) at the date of this report.

OPTIONS

At the date of this report, there are no unissued ordinary shares of Trustees Australia under option (2016: nil).

No shares were issued, options granted by Trustees Australia or any controlled entity and no options were exercised by any holder during the year ended 30 June 2017 or since that date.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, other than the JCC Demerger and Cashwerkz Acquisition expected to be completed by 10 August 2017, there were no other significant changes in the state of affairs of the group that occurred during the year under review that are not disclosed elsewhere in this report or in the accompanying financial statements.

SIGNIFICANT EVENTS AFTER BALANCE DATE

During the year, the board advised shareholders and ASX of planned significant changes in the scale and nature of the group's activities through the JCC Demerger and Cashwerkz Acquisition. These and other related changes were subject to approval by shareholders at a General Meeting of the company held subsequent to the financial year end on 31 July 2017. All resolutions were passed and the JCC Demerger and Cashwerkz Acquisitions are expected to be completed and securities in both Trustees Australia and Jimmy Crow in the week commencing 14 August 2017. At that time Messers John Nantes and Brook Adcock will also join the Trustees Australia board. Full details of the transactions, future funding arrangements and independent reports about the transactions are included in the Notice of Meeting dated 30 June 2017 and lodged with ASIC and ASX on that date.

In the opinion of the directors there were no other material matters that have arisen since 30 June 2017 that have significantly affected or may significantly affect the group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

INDEMNIFICATION OF OFFICERS OR AUDITOR

During the financial year, the parent entity paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the group against a liability incurred as a consequence of holding that office in the group to the extent permitted by the *Corporations Act 2001*. The amount of the premium was $ $63,830 (2016: $63,277) for all directors and officers for the year.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such by an officer or auditor.

FINANCIAL SERVICES LICENCES

Trustees Australia Limited, RedGate Asset Management Limited and Rim Securities Limited hold financial services licences under section 913B of the *Corporations Act 2001*. These are Licences 260033, 260038 and 283119 respectively.

The AFS licences held contain a requirement to purchase an insurance policy for professional indemnity cover for fraud by officers and employees. As disclosed above, an insurance policy is in force and premiums have been paid for the requisite cover as required.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings against or on behalf of the group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. The group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and is satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

i) all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,

ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards board.

During the year the group engaged it's auditor to perform non-audit services in relations to the Jimmy Crow Limited IPO and Prospectus totalling $6,000 (2016: $nil).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and a copy can be found at page 14.

REMUNERATION REPORT (AUDITED)

A. Remuneration policies and practices

The group's current remuneration policy is designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives. The group uses a fixed remuneration structure with short-term performance components. However, as the senior management team is expanded the board intends to review the remuneration policy so that it is appropriate and effective in its ability to attract and retain good quality executives and directors to run and manage the group, as well as create common goals between directors, executives and shareholders.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a general meeting. Fees for non-executive directors are not linked to the performance of the group. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the company. Directors are reimbursed at cost for travelling expenses and other costs and in respect of attendance at meetings.

The managing director, Michael Hackett, holds a significant interest in the equity of Trustees Australia, which ensures he maintains a strong alignment with shareholders' interests. Other employees and contractors are remunerated at market rates applicable to their qualifications, experience and contribution to the group. The remuneration policy allows for the use of remuneration consultants where necessary, although none were used in the 2016 financial year.

An employee share scheme was approved by shareholders in 1988, it has not operated since 1994 and currently no employee or director has a right to participation in any bonus scheme involving shares in the company. During the year the board appoved the transfer of 3,973,216 shares to the share scheme. As at the date of this report no shares have been allotted to any employees.

All remuneration paid to directors and executives is valued at the cost to the company. Where applicable, part of such remuneration may be capitalised into the carrying value of long-term projects. Directors and executives receive a fixed salary and a minimum superannuation guarantee contribution required by the government and any statutory retirement and long service leave benefits. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure related to their remuneration.

The remuneration policy allows directors and KMP to use Trustees Australia Limited shares as collateral in any financial transaction, including margin loan arrangements.

B. Performance-based remuneration

At present remuneration is linked to general market levels with short-term performance components. As the group expands in the near future, remuneration policy and practices will be reassessed to realign director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the group's financial results.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Relationship between remuneration policy and company performance

The maximum aggregate amount of directors' fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the company. Fees for non-executive directors are not linked to company performance. To align directors' and shareholder interests, the directors are encouraged to hold shares in the company.

Some employees of Rim Securities are eligible for bonuses, which are linked to predetermined individual profit benchmarks.

The current remuneration policy seeks to align director and executive objectives with those of shareholders by recognising the criticality of funds being utilised to achieve business development objectives.

D. Employment details of members of key management personnel (KMP) and other executives

The following table provides employment details of persons who, during the financial year, were members of KMP of the group. No KMP remuneration was performance based. The table illustrates the proportion of remuneration that was non-performance based.

Name	Position held	Contract details	Non-salary cash based incentives	Shares	Options	Fixed salary / fees	Total**
Directors			%	%	%	%	%
M Hackett	Managing Director/ Chairman	N/A	-	-	-	100	100
K Daly	Non-Executive Director	N/A	-	-	-	100	100
N Leman	Non-Executive Director	N/A	-	-	-	100	100
Executives							
E Hackett	Operations Manager	N/A	-	-	-	100	100

For senior executives of Rim Securities, employment conditions are formalised in contracts of employment. Aside from Rim Securities employees, there are no formal employment contracts for KMP in the group. **No remuneration is performance incentive based.

E. Remuneration details for the year ended 30 June 2017

Details of the nature and amount of each major element of remuneration for KMP and other executives of the group during the financial year:

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
2017	**$**	**$**	**$**	**$**	**$**	**$**	**$**
M Hackett	150,000	-	14,250	2,915	-	-	167,165
K Daly	50,000	-	4,750	-	-	-	54,750
N Leman*	186,000	-	-	-	-	-	186,000
E Hackett	100,060	-	9,506	2,019	-	-	111,585
Total	**486,060**	**-**	**28,506**	**4,934**	**-**	**-**	**519,500**

Cash bonuses, performance-related bonuses and share-based payments

During the current or prior year there were no cash bonuses, performance-related bonuses or share-based payments to KMP.

REMUNERATION REPORT (AUDITED) (cont'd)

F. Remuneration details for the year ended 30 June 2016

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**
M Hackett	150,000	-	14,250	2,914	-	-	167,164
K Daly	50,000	-	4,750	-	-	-	54,750
N Leman*	186,000	-	-	-	-	-	186,000
E Hackett	100,060	-	9,506	1,869	-	-	111,435
Total	**486,060**	**-**	**28,506**	**4,783**	**-**	**-**	**519,349**

* This amount is paid in accordance with a contract arrangement with Mikko Constructions Pty Ltd, an entity associated with Nathan Leman. Refer to Note K. in this remuneration report for further discussion.

G. KMP Shareholdings and Options Holdings

The number of ordinary shares in Trustees Australia held by each of the KMP of the group during the financial year is as follows:

Listed fully paid ordinary shares

30 June 2017	**Balance at 01/07/2016**	**Granted as remuneration**	**Net change other**	**Purchased / (sold)**	**Balance at 30/06/2017**
Michael Hackett	19,647,420	-	(3,973,216)	64,999	15,739,203
Kerry Daly	460,200	-	-	-	460,200
Nathan Leman	2,878,880	-	-	-	2,878,880
Elizabeth Hackett	1,877,962	-	-	-	1,877,962
Total	**24,864,462**	**-**	**(3,973,216)**	**64,999**	**20,956,245**

30 June 2016	**Balance at 01/07/2015**	**Granted as remuneration**	**Net change other**	**Purchased / (sold)**	**Balance at 30/06/2016**
Michael Hackett*	19,647,420	-	-	-	19,647,420
Kerry Daly	460,200	-	-	-	460,200
Nathan Leman	2,878,880	-	-	-	2,878,880
Elizabeth Hackett	1,877,962	-	-	-	1,877,962
Total	**24,864,462**	**-**	**-**	**-**	**24,864,462**

The above tables represent KMP's relevant interest in shares . The company does not issue shares as a form of remuneration.

* The opening balance has been adjusted to reflect prior period misrecording of Mikko Constructions Pty Ltd & Elizabeth Mersh Superannnuation Fund as relevant interests.

REMUNERATION REPORT (AUDITED) (cont'd)

H. KMP Other Equity Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

I. KMP loan amounts payable

2017	Opening balance	Closing balance	Interest charged	Interest not charged	Provision for impairment	Loans advanced / (repaid)
Amounts Payable to:						
Jabane Pty Ltd	-	417,039	17,039	-	-	400,000
Fiduciary Nominees Pty Ltd	-	268,409	8,409	-	-	260,000
	-	**685,448**	**25,448**	**-**	**-**	**660,000**

At 30 June 2017, the group has short-term unsecured loan facilities of $685,448 with related entities of Michael Hackett, a director of the group. The facility is charged interest at 2% above the CBA loan facility rate and is expected to be repaid as part of the JCC Demerger and group restructure. Interest of $25,448 has been capitalised as at balance date.

2016	Opening balance	Closing balance	Interest charged	Interest not charged	Provision for impairment	Loans advanced / (repaid)
Amounts Payable to:						
Michael Hackett (i)	24,277	-	-	-	-	(24,277)
	24,277	**-**	**-**	**-**	**-**	**(24,277)**

(i) Trade accrual amount included in note 14.

J. KMP Contracts for Services

There are no formal employment contracts in place for any other key management personnel in the group.

K. Transactions with Key Management Personnel

From time to time Key Management Personnel may purchase or supply goods or services from or to the group.

These transactions are made on an arms-length commercial basis.

The Managing Director, Michael Hackett, and companies of which he is a director have transactions with Trustees Australia Limited and the controlled entities Queensland Resorts Pty Ltd and Corporate Solutions Pty Ltd. These transactions are outlined below:

(i) Jabane Pty Ltd (Jabane) was the owner of a freehold shop tenancy at Airlie Beach in which Queensland Resorts Pty Ltd operates a tour sales office as a tenant. Jabane sold its freehold shop to an unrelated party in March 2016 and during the 2016 comparative year rent and outgoings paid to Jabane by Queensland Resorts Pty Ltd was $67,464.

(ii) Mikko Constructions Pty Ltd (Mikko) was established with the intention of being an interposed building company between the group and any direct building activity. Mikko is an associate of Michael Hackett and Nathan Leman, who are both directors of Mikko. Mikko undertakes all project management, town planning and IT establishment work for the group on a cost recovery basis. This provides a level of liability separation for construction activities of the group. During the 2017 year, $186,000 (2016: $186,000) was paid by the group to Mikko for construction and IT expenses. At 30 June 2017 the group owed Mikko $nil (2016: $51,150).

This report of the directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the board of directors.

Michael Hackett

Michael Leslie Hackett
Managing Director

Kerry Daly

Kerry John Daly
Director

Brisbane

14 August 2017

CORPORATE GOVERNANCE STATEMENT

The board is responsible for the overall Corporate Governance of the group.

The board monitors the operational and financial position and performance of the group and oversees the business strategy, including approving the strategic goals of the group and considering and approving its business plan and the associated subsidiary entities and corporate budgets.

The board is committed to maximising performance and growth and generating appropriate levels of security holder value and returns. In conducting the group's business, the board strives to ensure the group is properly managed to protect and enhance shareholder interests and that the group operates in an appropriate environment of Corporate Governance. In accordance with this, the board has developed and adopted a framework of Corporate Governance policies and practices, risk management practices and internal controls that it believes are appropriate for the group.

Unless disclosed, as per ASX Listing rule 4.10.3 all the recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2017. The group has generally adopted the Corporate Governance Statement to comply with the ASX's revised Corporate Governance Principles and Recommendations third edition, which became effective on or after 1 July 2014. The Corporate Governance Statement, which was lodged with this annual report, discloses the extent to which the group will follow the recommendations taking into account that the relatively small size of the company requires that the cost and benefits of adoption need to be taken into account in determining the extent of practical implementation.

The principal governance related policies and practices are as follows:

- Corporate Governance Statement
- Board Charter
- Securityholder Communication Policy
- Risk Management Policy
- Continuous Disclosure Policy
- Code of Conduct

Details of the group's key policies, charters for the board and code of conduct are available on the Group's website under the Governance tab at www.trusteesau.com.au.

Nexia Australia

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Trustees Australia Limited

As lead auditor for the audit of Trustees Australia Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions:

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

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

This declaration is in respect of Trustees Australia Limited and the entities it controlled during the period.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

AM Robertson
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 14 August 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
Continuing operations	**Notes**	**$**	**$**
Revenue	3(a)	1,336,040	1,653,798
Business operating expenses		(202,879)	(201,204)
Employment expenses	3(d)(ii)	(792,877)	(820,612)
Finance costs	3(d)(i)	(17,200)	(17,400)
Depreciation and amortistion expense		(181,716)	(155,963)
Other expenses		(395,351)	(369,707)
Profit / (loss) before income tax		**(253,983)**	**88,912**
Income tax benefit /(expense)	4	-	-
Net profit / (loss) from continuing operations		**(253,983)**	**88,912**
Discontinued operations			
Loss from discontinued operations after tax	5	(1,603,198)	(371,402)
Net loss for the year		**(1,857,181)**	**(282,490)**
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Fair value movement on available for sale assets, net of tax from discontinued operations		(190,302)	(248,058)
Items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the period, net of tax		**(190,302)**	**(248,058)**
Total comprehensive loss for the period, net of tax		**(2,047,483)**	**(530,548)**
Loss attributable to:			
Members of the parent entity		(1,857,181)	(282,490)
Total comprehensive loss attributable to:			
Members of the parent entity		(2,047,483)	(530,548)
Earnings per share:	24	**Cents**	**Cents**
From continuing and discontinued operations			
Basic earnings per share		(6.2)	(1.6)
Diluted earnings per share		(6.2)	(1.6)
From continuing operations			
Basic earnings per share		(0.8)	0.3
Diluted earnings per share		(0.8)	0.3
From discontinued operations			
Basic earnings per share		(5.4)	(1.3)
Diluted earnings per share		(5.4)	(1.3)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 $	2016 $
Current Assets			
Cash and cash equivalents	6	545,310	496,969
Trade and other receivables	7	264,741	626,102
Inventories	8	-	5,279
Assets held for distribution	5(c)	8,114,812	-
Other financial assets	9	-	1,623,468
Other current assets	10	88,307	250,915
Total Current Assets		**9,013,170**	**3,002,733**
Non-Current Assets			
Inventories	8	-	860,000
Other financial assets	9	-	1,106,876
Intangibles	11	819,615	896,507
Investments in associates	12	-	558,912
Property, plant & equipment	13	10,509	4,887,448
Total Non-Current Assets		**830,124**	**8,309,743**
Total Assets		**9,843,294**	**11,312,476**
Current Liabilities			
Trade and other payables	14	286,229	974,529
Borrowings	15	-	47,368
Provisions	16	52,446	98,853
Liabilities associated with assets held for sale	5(c)	2,507,374	-
Total Current Liabilities		**2,846,049**	**1,120,750**
Non-Current Liabilities			
Trade and other payables	14	-	539,722
Provisions	16	-	607,276
Total Non-Current Liabilities		**-**	**1,146,998**
Total Liabilities		**2,846,049**	**2,267,748**
Net Assets		**6,997,245**	**9,044,728**
Equity			
Issued capital	17	4,058,525	4,058,525
Reserves	18	6,963	197,265
Retained earnings		2,931,757	4,788,938
Parent entity interest		6,997,245	9,044,728
Total Equity		**6,997,245**	**9,044,728**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Cash Flows from Operating Activities			
Receipts from customers		4,081,284	4,208,776
Payments to suppliers and employees		(4,931,339)	(4,655,695)
Trust distributions		566,455	1,185,053
Interest received		6,710	7,534
Finance costs		(23,394)	(28,328)
Net operating cash flows	6(b)	**(300,284)**	**717,340**
Cash Flows from Investing Activities			
Payment for property, plant & equipment	13	(105,982)	(41,577)
Payment for intangible assets - software	11	(102,533)	(177,960)
Payment for available for sale financial assets	9	-	(512,025)
Proceeds from sale of property, plant & equipment	13	1,772	-
Net investing cash flows		**(206,743)**	**(731,562)**
Cash Flows from Financing Activities			
Proceeds from related party		660,000	-
Net proceeds of other borrowings	15	(47,368)	3,405
Net financing cash flows		**612,632**	**3,405**
Net increase / (decrease) in cash held		**105,605**	**(10,817)**
Cash at the beginning of the period		496,969	507,786
Cash at the end of the financial period	6(a)	**602,574**	**496,969**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2016	**4,058,525**	**197,265**	**4,788,938**	**9,044,728**
Comprehensive Income for the year				
Loss attributable to members of parent entity	-	-	(1,857,181)	(1,857,181)
Other comprehensive loss from discontinued operations	-	(190,302)	-	(190,302)
Total comprehensive loss for the year	**-**	**(190,302)**	**(1,857,181)**	**(2,047,483)**
Balance at 30 June 2017	**4,058,525**	**6,963**	**2,931,757**	**6,997,245**

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2015	**4,058,525**	**445,323**	**5,071,428**	**9,575,276**
Comprehensive Income for the year				
Loss attributable to members of parent entity	-	-	(282,490)	(282,490)
Other comprehensive loss from discontinued operations	-	(248,058)	-	(248,058)
Total comprehensive loss for the year	**-**	**(248,058)**	**(282,490)**	**(530,548)**
Balance at 30 June 2016	**4,058,525**	**197,265**	**4,788,938**	**9,044,728**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Trustees Australia Limited (Trustees Australia) and controlled entities (the group). Trustees Australia is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Trustees Australia Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 2.

The financial statements were authorised for issue as at the date of the directors declaration.

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, of the Australian Accounting Standards Board and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Trustees Australia Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 21 Controlled Entities.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interest in a subsidiary not attributable, directly or indirectly, to the group are presented as “non-controlling interest”. The group initially recognises non-controlling interests that are present ownership interest in subsidiaries and are entitled to a propotionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each componant of other conprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Principles of Consolidation (cont'd)

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in Profit or Loss in the period which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

B. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income for the period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity outside the profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deffered tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all the econimic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deffered tax asset is measured on the basis that the carrying amount of such property will be recoved entirely through use.

Except for business combinations, no deferred income is recognised from the inital recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Income Tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Trustees Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2004. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

C. Fair Value of Assets and Liabilities

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

D. Land for Development

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale if significant risks and rewards, and effective control over the land , are passed on to the buyer at this point.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less accumulated depreciation for buildings. Valuation assessments are also conducted by management using the same methodology applied in previous independent valuations, taking into account comparable rentals and capitalisation rates to recent new leases and sales achieved which reflect the prevailing economic conditions, to assess whether the book values represent fair values.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are recognised in profit or loss.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreiation and nay accumulated impairment. In the event the carrying amount of plant and equipment is greateer than the estimated recoverable amount, the carrying amount is written down immediately to be estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease is the impairmement losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (Refer to Note 1(I) for details of impairment.

The carrying amount of 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.

The cost of fixed assets constructed within the group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate (years)
Buildings	40
Leasehold improvements	10
Plant and equipment	10-15
Leased plant and equipment	2-8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. 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 is transferred to entities in 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 straight-line 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, recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

G. Non-current assets held for distribution and discontinued operations

Non-current assets and disposal groups are classified as held for distribution and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through distribution as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for distribution.

Classification as "held for distribution" occurs when: management has committed to a plan for immediate distribution; the distribution is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generating units), that either has been disposed of, or is classified as held for distribution, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for distribution to fair value less costs to sell. Any reversal of impairment recognised on classification as held for distribution or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

H. Financial Instruments

Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

H. Financial Instruments (cont'd)

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

H. Financial Instruments (cont'd)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

I. Impairment of Assets

At the end of each reporting period, the group assesses whether there is any indiciation that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

J. Investments in Associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the associate company. In addition the group's share of the profit or loss of the associate company is included in the group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the group and the associate are eliminated to the extent of the relation to the group's investment in the associate.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the group's investments in associates are shown at Note 12: Investments in Associates.

K. Intangibles other than goodwill

Trademarks

Trademarks are recognised at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life.

Software

Software which has been externally acquired is recognised at cost of acquisition. Once the software is fully operational, the expenditure has a finite useful life of 5 years and is carried at cost less any accumulated amortisation and impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

L. Employee Benefits

Short-term employee benefits

Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

M. 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

N. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

O. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Commission income is taken to account when payment is made to the service provider or the monies are satisfactorily accounted for to the service provider and settlement has occured.

Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably.

All revenue is stated net of the amount of goods and services tax (GST).

P. Trade and Other Payables

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Q. 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. Receivables and payables are shown inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

R. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(H) for further discussion on the determination of impairment losses.

S. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

T. Trustee / Responsible Entity Obligations

Trustees Australia acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Trustees Australia has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

The Directors' Report contains a statement regarding the financial services licence to act as Responsible Entity.

The Consolidated Cash Flow Statement does not reflect any cash flows attributable to the activities of the group undertaken on behalf of the trust's. At balance date, there have been no breaches of fiduciary duty by the Responsible Entity to the directors' knowledge and the assets of the trust's are sufficient to meet its liabilities.

Commissions and fees earned in respect of the trust's activities are included in profit and loss, which also includes commissions and fees earned or paid from fund management activities.

U. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 within the group.

Key Estimates

(i) Allocation and Valuation of Disposal Group Held for Distribution

Directors have made judgements in allocating the assets and liabilities between continuing and discontinued operations. Refer note 5.

Directors have also assessed the fair value less costs to sell of the disposal group. Refer Note 1 (G).

(ii) Intangibles

The directors have assessed the carrying value of intangibles on the basis of fair value less costs to sell. Refer note 11(a)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

V. Critical Accounting Estimates and Judgments (con't)

(iii) Future Tax Benefit of Tax Losses

At 30 June 2017, the directors reassessed the recoverability of the future tax benefits of tax losses and consider there is no certainty that future taxable profit will be available to enable the benefit of tax losses to be realised. At each period end the directors will reassess the recoverability of the future tax benefit of these tax losses. Refer note 4(c).

W. New Accounting Standards for application in future periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the group, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments.

Although, the directors anticipate that the adoption of AASB 9 may have an impact on the group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles based model.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors are satisifed the adoption of AASB 15 will not have a material impact on the group's financial statements.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors are satisified the adoption of AASB 16 will not have a material impact on the group's financial statements.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2017	2016
	$	$
Statement of Financial Position		
Assets		
Current assets	1,140,053	3,160,559
Non-current assets	5,747,449	5,664,947
Total assets	**6,887,502**	**8,825,506**
Liabilities		
Current liabilities	825,921	187,791
Total liabilities	**825,921**	**187,791**
Equity		
Issued capital	4,058,525	4,058,525
Reserves	-	167,891
Retained earnings	2,003,056	4,411,299
Total Equity	**6,061,581**	**8,637,715**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(2,408,242)	(581,024)
Total comprehensive loss	(2,408,242)	(581,024)

Contingent liabilities and guarantees

In the ordinary course of business Trustees Australia provides guarantees in respect of borrowing facilities provided to the group and has given a guarantee of financial support for the base level financial requirements of Rim Securities Limited. At 30 June 2017 the financial support totalled $25,000. No liability is expected to arise in respect of these guarantees.

Contractual commitments

At 30 June 2017, Trustees Australia had not entered into any contractual commitments for the acquisition of property, plant and equipment (2016: $nil).

Other contingent matters of the company, or the group, are mentioned in note 19.

NOTE 3: REVENUE AND EXPENSES

	2017	2016
(a) Revenue from continuing operations		
Revenue	**$**	**$**
Financial services income	1,293,591	1,540,032
	1,293,591	**1,540,032**
Other revenue		
Interest received - other persons	42,449	113,766
	42,449	**113,766**
Total revenue from continuing operations	**1,336,040**	**1,653,798**
(b) Revenue and other income from discontinued operations	**2,570,488**	**2,942,048**
(c) Revenue and other income from continuing and discontinued operations	**3,906,528**	**4,595,846**
(d) Expenses from continuing operations		
(i) Finance costs		
Bank loans and overdrafts	12,672	12,537
Finance charges payable under finance leases	4,528	4,863
	17,200	**17,400**
(ii) Employee benefits expense		
Wages and salaries costs	715,386	782,645
Superannuation	62,492	68,419
Employee benefits provisions	14,999	(30,451)
	792,877	**820,612**
(iii) Other significant items		
Rental expense on operating leases	53,231	-

NOTE 4: INCOME TAX EXPENSE

	2017 $	2016 $
(a) The components of tax expense / (benefit) comprise		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows		
Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 27.5% (2016: 30%):	(510,725)	(84,747)
Add /(less)		
Tax effect of:		
- current period tax losses not recognised	273,963	155,057
- net amount of temporary differences	236,762	(70,310)
- capital distributions received	104,098	79,036
- prior year capital losses utilised	(104,098)	(79,036)
Income tax expense / (benefit) attributable to entity	-	-
Applicable weighted average effective tax rates are as follows:	N/A	N/A

(c) Deferred tax assets not recognised

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1(B): Statement of Significant Accounting Policies occur.

	2017	2016
Temporary differences	(38,367)	(275,129)
Tax losses	2,539,184	2,471,150
Capital losses	501,988	661,184
Net unbooked deferred tax assets	**3,003,435**	**2,857,205**

The group has unconfirmed revenue losses of $9,233,396 (2016: $8,237,165) and capital losses of $1,825,410 (2016: $2,203,945). Prior year carry forward capital loss amounts have been re-stated to agree to tax returns as lodged.

The amount of the company's tax losses ultimately available to be offset against its future income and the future income of members of the tax consolidated group, is subject to the satisfaction of the 'continuity of ownership' or 'same business' tests and having regard to application of 'available fraction' rules.

A deffered income tax asset arising from carry forward tax losses will only be recognised to the extent that:

(i) it is probable that the company will derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(ii) the company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the company in realising the benefit from the losses.

(e) Tax effects relating to each component of other comprehensive income

	2017			2016		
	Before-tax amount $	Tax (expense) benefit $	Net-of-tax amount $	Before-tax amount $	Tax (expense) benefit $	Net-of-tax amount $
Financial assets revaluation	(190,302)	-	(190,302)	(248,058)	-	(248,058)
	(190,302)	**-**	**(190,302)**	**(248,058)**	**-**	**(248,058)**

NOTE 5: DISCONTINUED OPERATIONS

On 31 October 2016 the directors announced to the ASX that it would convene an EGM to consider the JCC Demerger, which was being recommended to shareholders so that the Financial Services activities and the Tourism, Property and Investment activities may each be developed and expanded in their own right as separate entities with separate strategies and management.

A Notice of Meeting was sent to shareholders on 30 June 2017 and the EGM was held 31 July 2017 to consider the demerger, the Cashwerkz Acquisition and other related matters. All resolutions at the EGM were voted in favour with the demerger estimated to take place 14 August 2017.

In accordance with *AASB 5: Non-current Assets Held for Sale and Discontinued Operations,* the group has recategorised the Assets and Liabilities of its tourism, property and investments to be included in the proposed JCC Demerger as held for distribution and the operations as discontinued. Comparative figures also reflect this treatment.

Following is a detailed breakdown of the profit and loss, cash flows and assets and liabilities of the JCC Demerger.

(a) Statement of Profit or Loss and Other Comprehensive Income

(i) Loss for the year from discontinued operations is as follows:

	2017	**2016**
	$	**$**
Revenue and other income	2,570,488	2,942,048
Business operating expenses	(792,169)	(702,097)
Employment expenses	(1,529,572)	(1,439,181)
Finance costs	(31,642)	(10,928)
Property operating expenses	(510,674)	(677,951)
Impairment expenses	(819,476)	(466,178)
Other expenses	(497,696)	(187,069)
Share of net profit from associate	7,543	169,954
Loss before income tax	**(1,603,198)**	**(371,402)**
Income tax expense	-	-
Loss for the period from discontinuing operations	**(1,603,198)**	**(371,402)**
Other comprehensive income		
Items that may be classified subsequently to profit or loss:		
Net loss on revaluation of financial assets	(190,302)	(248,058)
Items that will not be reclassified to profit or loss	-	-
Other comprehensive loss for the period, net of tax	**(190,302)**	**(248,058)**
Total comprehensive loss for the period, net of tax	**(1,793,500)**	**(619,460)**

(ii) Segment Information

All revenue received is from external customers with no internal revenue received (2016: nil). Total revenue includes interest received of $276 (2016: $206).

NOTE 5: DISCONTINUED OPERATIONS (cont'd)

(b) The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

	2017 $	2016 $
Net cash inflow / (outflow) from operating activities	82,449	53,889
Net cash inflow / (outflow) from investing activities	(95,170)	(41,576)
Net cash inflow / (outflow) from finance activities	-	-
Net cash inflow / (outflow) by discontinued operations	**(12,721)**	**12,313**

(c) Carrying amount of assets and liabilities held for distribution, are as follows:

	Notes	2017 $	2016 $
Current Assets			
Cash and cash equivalents	6(a)	57,264	-
Trade and other receivables	7	458,097	-
Inventories	8(b)	2,943	-
Other current assets	10	115,072	-
Total Current Assets		**633,376**	**-**
Non-Current Assets			
Inventories	8(b)	860,000	-
Other financial assets	9(b)(ii)	1,756,581	-
Property, plant & equipment	13	4,864,855	-
Total Non-Current Assets		**7,481,436**	**-**
Total Assets		**8,114,812**	**-**
Current Liabilities			
Trade and other payables	14	516,734	-
Borrowings	15	685,448	-
Provisions	16	107,456	-
Total Current Liabilities		**1,309,638**	**-**
Non-Current Liabilities			
Trade and other payables	14	594,472	-
Provisions	16	603,264	-
Total Non-Current Liabilities		**1,197,736**	**-**
Total Liabilities		**2,507,374**	**-**
Net Assets		**5,607,438**	**-**

The above classifications reflect the "historical treatment' in the financial statements.

(d) Income Tax

There is no income tax applicable to the result for the period due to the availability of carry forward tax losses.

NOTE 6: CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and in hand	26,620	296,628
Short-term deposit	518,690	200,341
	545,310	**496,969**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

Effective interest rates on short term deposits were 1.25% (2016: 1.50%). These deposits are at call.

The fair value of cash, cash equivalents and overdrafts is $602,574 (2016: $496,969).

(a) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2017:

	Note	2017 $	2016 $
Cash at bank and in hand		26,620	296,628
Short-term deposit		518,690	200,341
Cash at bank contained in discontinued operations	5(c)	57,264	-
	25	**602,574**	**496,969**

A floating charge over cash and cash equivalents has been provided to the CBA as part of security arrangements for current facilities. For further details refer to Note 15(a): Borrowings.

(b) Reconciliation of Profit after Income Tax to Cash Flows from Operations

	2017 $	2016 $
Net loss after income tax	(2,047,483)	(530,548)
Adjustment of non cash items		
Amortisation and depreciation	253,785	294,628
Bad debts	1,149	-
Loss on sale of assets	41,933	-
Movement in equity accounted investment	558,912	1,015,097
Interest received - convertible notes	(36,015)	(106,438)
Finance cost - related party	25,448	-
Fair value adjustments of financial assets	190,302	248,058
Impairment of financial assets	819,476	-
Impairment of development property	-	466,178
Gain on revaluation of land and buildings	-	(648,908)
Changes in assets and liabilities, net of the effects of movements in subsidiaries		
Increase / (decrease) in provisions	57,037	(5,653)
(Increase) / decrease in receivables and other assets	(50,350)	(855)
(Increase) / decrease in inventories	2,336	(1,952)
Increase / (decrease) in trade creditors	(116,814)	(12,267)
Net operating cash flows	**(300,284)**	**717,340**

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	2017	2016
		$	$
Continuing Operations			
Trade and Other receivables		264,741	626,102
Discontinued Operations			
Trade and other receivables	5(c)	458,097	-
Financial assets classified as loans and receivables	**25**	**722,838**	**626,102**

(a) Provision For Impairment of Receivables

Current trade and other receivables are non-interest bearing and generally on 30-day terms. Any non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. There are no balances within trade and other receivables that contain assets that are impaired.

CREDIT RISK — TRADE AND OTHER RECEIVABLES

Receivables include $444,450 in accrued income from Australian Dairy Farms Group (a related party, see note 22) for recovery of employment, accounting and other administrative costs incurred by the Trustees Australia Group during the financial years ended 30 June 2016 and 30 June 2017 in the administration and operations of ADFG. This item represents a concentration of credit risk for the group and is considered recoverable. Otherwise the group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the group. On a geographical basis, the group has no significant credit risk exposures.

The following table details the group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of good credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
2017	$	$	$	$	$	$
Trade and other receivables - continuing operations	264,741	-	1,602	-	38	263,101
Trade and other receivables - discontinued operations	458,097	-	935	7	1,045	456,110
Total	**722,838**	**-**	**2,537**	**7**	**1,083**	**721,748**

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
2016	$	$	$	$	$	$
Trade and other receivables - continuing operations	626,102	-	6,775	200	-	619,127
Total	**626,102**	**-**	**6,775**	**200**	**-**	**619,127**

The group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

NOTE 7: TRADE AND OTHER RECEIVABLES (cont'd)

(b) Collateral pledged

A floating charge over trade receivables has been provided for certain debt. For further details refer to Note 15(a): Borrowings.

NOTE 8: INVENTORIES

	Notes	2017 $	2016 $
Current			
Stock in trade at cost		-	5,279
		-	**5,279**
Non-Current			
Development property at lower of cost and NRV	(a)(b)	-	860,000
		-	**860,000**

(a) The group holds development property adjacent to its backpacker hostel property at Airlie Beach. The directors commissioned a valuation from Opteon Property Group for the year ended 30 June 2016, to assess independently the value of the land and of the other property assets at Airlie Beach. The valuer adopted a direct market comparison whereby the property is compared with sales of the most recent comparable properties and adjustments made for points of difference. Based on this approach the land was valued at $860,000 or $150/sqm. The directors adopted the $860,000 at 30 June 2016 resulting in an impairment of $466,178. The directors have adopted the same valuation at 30 June 2017.

(b) Movements during the year:

	Notes	2017 $	2016 $
Opening Balance as at 1 July		865,279	1,329,505
Stock in trade movement		(2,336)	1.952
Transfer of assets held for distribution - current	5(c)	(2,943)	-
Transfer of assets held for distribution - non-current	5(c)	(860,000)	-
Impairment Expense		-	(466,178)
Inventory as at 30 June		**-**	**865,279**

In accordance with AASB5, the stock in trade and development property have been classified as an Asset Held for Distribution as part of the JCC Demerger and group restructure.

NOTE 9: OTHER FINANCIAL ASSETS

	Notes	2017 $	2016 $
Current			
Financial assets at fair value through profit and loss	(a)	-	1,623,468
Non-current			
Available-for-sale financial assets	(b)	-	1,106,876
Total other financial assets		**-**	**2,730,344**

(a) Financial assets at fair value through profit or loss comprise:

Unlisted investments, at fair value			
- Convertible notes - loan component	(i)	-	1,623,468

(b) Available-for-sale financial assets comprise:

Listed investments, at fair value			
- Securities in listed entities	(ii)	-	1,106,876

(i) On 22 October 2014, as part of the dairy aggregation project, the group was issued with 145 unlisted convertible notes in Australian Dairy Farms Group (ADFG). The convertible notes had a face value of $10,000 each and accrued interest at 2% above the CBA loan facility rate paid by ADFG. On 22 October 2016 the group converted the notes to fully stapled securities in ADFG. The value of the convertible notes plus accrued interest at the date of conversion was $1,659,483 and 9,050,207 stapled securities were issued.

(ii) Below is a summary of the movement in the period of available-for-sale financial assets:

	Note	2017 $	2016 $
Opening balance		1,106,876	842,909
Convertible note conversion		1,659,483	-
Loyalty option conversion		-	512,025
Fair value adjustments		(190,302)	(248,058)
Impairment expense		(819,476)	-
Transfer to assets held for distribution	5(c)	(1,756,581)	-
		-	1,106,876

At 30 June 2017, the group held the following ASX listed securities;

- 15,194,507 fully paid stapled securities in Australian Dairy Farms Group (ADFG). The securities have been valued at the 30 June 2017 ASX closing price of 11.5 cents (30 June 2016: 17.5 cents). Since that date the securities have traded between 12.5 cents and 17.5 cents.
- 750,000 shares in Authorised Investment Fund Limited (ASX Code: AIY). The securities were valued at 0.012 cents as of 30 June 2017 (30 June 2016: 4 cents). Since that date the securities have traded at the same price.
- 2,030 shares in Fastbrick Robotics Ltd (ASX Code: FBR). The securities were valued at 10.5 cents as of 30 June 2017 (30 June 2016: 2.5 cents). Since that date the securities have traded between 12.5 cents and 20 cents.

In accordance with AASB5, the available-for-sale financial assets have been classified as an Asset Held for Distribution as part of the JCC Demerger and group restructure.

NOTE 10: OTHER ASSETS

	Note	2017 $	2016 $
Continuing operations			
Prepayments		60,752	146,714
Bonds and deposits	25	27,555	104,201
Total other assets		**88,307**	**250,915**
Discontinued operations			
Prepayments		15,072	-
Bonds and deposits	25	100,000	-
Total other assets	5(c)	**115,072**	**-**

NOTE 11 INTANGIBLE ASSETS

	2017 $	2016 $
Goodwill - at cost	226,316	226,316
	226,316	**226,316**
Software - at cost	874,780	897,605
less accumulated amortisation	(282,270)	(227,414)
	592,510	**670,191**
Trademarks and patent - at cost	873	4,491
less accumulated amortisation	(84)	(4,491)
	789	**-**
Total intangibles	**819,615**	**896,507**

	Notes	Goodwill $	Software $	Trademarks $	Total $
Balance at 1 July 2016		226,316	670,191	-	896,507
Additions		-	101,660	873	102,533
Amortisation charge		-	(179,341)	(84)	(179,425)
Balance at 30 June 2017	(a)	**226,316**	**592,510**	**789**	**819,615**
Balance at 1 July 2015		226,316	644,390	109	870,815
Additions		-	177,960	-	177,960
Amortisation charge		-	(152,159)	(109)	(152,268)
Balance at 30 June 2016	(a)	**226,316**	**670,191**	**-**	**896,507**

(a) As part of the annual review of holding values of all intangibles the directors have reviewed the carrying values of goodwill, software and trademarks and have adopted the current carrying values at 30 June 2017.

The development of new software systems across the group are in the final stages of development and testing. The directors have reviewed the carrying value of the technology and elected to maintain the value at cost. Amortisation commenced in 2016 or prior.

NOTE 11: INTANGIBLE ASSETS (cont'd)

Goodwill and software intangibles relate to the subsidiary Rim Securities cash generating unit. Directors have assessed the carrying value of these intangibles to be not less than their recoverable value, by reference to the acquisition transaction as set out in note 27 (i.e. fair value less costs to sell). That transaction with an arms length third party was assessed as fair and reasonable by an Independent Expert and approved by shareholders at an Extraordinary General Meeting on 31 July 2017.

NOTE 12: INVESTMENTS IN ASSOCIATES

	2017	2016
	$	$
Non - current		
Investment in associates	-	558,912

Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorp.	Type	Ownership Interest		Carrying amount of investment	
				2017	2016	2017	2016
				%	%	$	$
Unlisted:							
Whitsunday Village Retail Property Trust No 1.	Investment Property Management	Aust	Units	-	42.92	-	558,912
						-	**558,912**

Whitsunday Village Retail Property Trust No 1 (WVRPT)

During the year, the group had a 42.92% (June 2016: 42.92%) interest in the WVRPT, which was an unlisted property trust that held retail property located in Airlie Beach. During the financial year ended 30 June 2017, the remaining one tenancy was sold, final distributions have been made and the WVRPT has commenced formal wind up. Trustees Australia Limited was the Responsible Entity of WVRPT.

NOTE 12: INVESTMENTS IN ASSOCIATES (cont'd)

Summarised Financial Information for Associates

Set out below is the summarised financial information for the group's material investments in associates. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian Accounting Standards financial statements of the associates. The following summarised financial information, however, reflects the adjustments made by the group when applying the equity method, including adjustments for any differences in accounting policies between the group and the associates.

	WVRPT	
	2017	**2016**
	$	**$**
Summarised Financial Position		
Total current assets	-	269,000
Total non-current assets	-	1,058,452
Total current liabilities	-	(25,089)
Net Assets	**-**	**1,302,363**
Group's share (%)	-	42.92
Group's share of associates net assets	-	558,912
Summarised Financial Performance		
Revenue	86,693	544,622
Profit after tax	17,576	396,041
Other comprehensive income	-	-
Total comprehensive income	**17,576**	**396,041**
Group's share of associates' profit after tax	7,543	169,962
Reconciliation Carrying Amounts		
Group's share of associates' opening net assets	558,912	1,574,009
Group's share of associates' profit after tax	7,543	169,962
Group's share of distributions received and receivable	(566,455)	(1,185,059)
Group's share of associates' closing net assets (closing carrying amount of investment)	**-**	**558,912**

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Note	2017 $	2016 $
Land and buildings			
Freehold land:			
- at independent valuation 2016		-	1,914,000
Total land		**-**	**1,914,000**
Buildings			
- at independant valuation 2016		-	2,759,000
Total buildings		**-**	**2,759,000**
Total land and buildings, net	(a)	**-**	**4,673,000**
Plant and equipment owned			
- at cost		17,307	1,935,665
less accumulated depreciation		(6,798)	(1,725,864)
Total plant and equipment, net		**10,509**	**209,801**
Leasehold improvements			
- at cost		-	59,916
Less accumulated amortisation		-	(55,269)
Total Leasehold improvements, net		**-**	**4,647**
Total property, plant and equipment, net		**10,509**	**4,887,448**

Movements in the Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

		Land	Buildings	Plant & equipment	Leasehold improvements	Total
30 June 2017	**Note**	**$**	**$**	**$**	**$**	**$**
Balance at beginning of the financial year		1,914,000	2,759,000	209,801	4,647	**4,887,448**
Additions		-	-	105,982	-	**105,982**
Loss on disposal		-	-	(41,934)	-	**(41,934)**
Proceeds from disposal		-	-	(1,772)	-	**(1,772)**
Depreciation		-	(41,062)	(28,651)	(4,647)	**(74,360)**
Transfer to assets held for distribution	5(c)	(1,914,000)	(2,717,938)	(232,917)	-	**(4,864,855)**
Balance at end of the financial year		**-**	**-**	**10,509**	**-**	**10,509**

(a) The directors commissioned a valuation from Opteon Property Group for the year ended 30 June 2016 to independently assess the Market Value for financial reporting purposes, of the freehold interest of the property assets at Airlie Beach assuming vacant possession. The valuers made an assessment taking into account the long term trading history of the property and its current condition, at $4,673,000. The directors adopted the $4,673,000 at 30 June 2016 resulting in a revaluation gain on land and buildings of $648,908.

At 30 June 2017 the directors have assessed the property assets in light of Cyclone Debbie in late March 2017. Whilst there was extensive damage to gardens and greenspace, there was relatively minimal visible building damage and the first accommodation was back open for business within a week. Occupancy rates and revenue in the proceeding 3 months to June have been generally in line with prior periods and the directors are confident that all loss and damage will be recovered or paid for in full by insurers on a “new for old” basis, with the exception of the $100,000 insurance excess. There have also been a couple of sales in the Airlie Beach main street that indicate that the market has increased or maintained pre cyclone value levels .

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (cont'd)

Based on the above, the directors have adopted the same valuation methodology as the prior year at 30 June 2017.

In accordance with AASB5, $4,864,855 has been classified as an Asset Held for Distribution as part of the JCC Demerger and group restructure.

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the comparative financial year:

	Land	Buildings	Plant & equipment	Leasehold improvements	Total
30 June 2016	**$**	**$**	**$**	**$**	**$**
Balance beginning of the financial year	1,870,052	2,235,610	223,466	10,195	**4,339,323**
Additions	-	-	41,577	-	**41,577**
Gain on revaluation	43,948	604,960	-	-	**648,908**
Depreciation expense	-	(81,570)	(55,242)	(5,548)	**(142,360)**
Balance at end of financial year	**1,914,000**	**2,759,000**	**209,801**	**4,647**	**4,887,448**

NOTE 14: TRADE AND OTHER PAYABLES

	Notes	2017 $	2016 $
Continuing operations			
Trade and other payables - current		286,229	974,529
Trade and other payables - non-current		-	539,722
Total trade and other payables		**286,229**	**1,514,251**
Discontinued Operations			
Trade and other payables - current	5(c)	516,734	-
Trade and other payables - non-current	5(c)	594,472	-
Total trade and other payables		**1,111,206**	**-**
Financial liabilities at amortised cost classified as trade and other payables	**25**	**1,397,435**	**1,514,251**

NOTE 15: BORROWINGS

	Note	2017 $	2016 $
Continuing operations			
Loans - unsecured		-	47,368
Discontinued Operations			
Loans - unsecured	(b)	685,448	-

(a) At 30 June 2017 the group has banking facilities with the Commonwealth Bank of Australia Limited secured by registered mortgages and floating charges over real estate and other assets of the group. Included in the Commonwealth Bank of Australia facilities are:

- a two year loan facility of $500,000 which had an original maturity date of 5 December 2016 has been extended for one year in order to remain in place until the JCC Demerger and group restructre. This facility was unutilised at 30 June 2017 (June 2016: $nil). The facility is subject to compliance with pre-determined covenants;
- a $50,000 overdraft facility which was unutilised at 30 June 2017(June 2016: $nil);
- a $27,555 bank guarantee facility that is fully drawn at 30 June 2017(June 2016: $nil);
- a $25,000 bank guarantee facility that is fully drawn at 30 June 2017 (June 2016: $25,000); and
- a $20,000 bank guarantee facility which was unutilised at 30 June 2017 (June 2016: $nil).

NOTE 15: BORROWINGS (cont'd)

(b) At 30 June 2017, the group has short-term unsecured loan facilities of $685,448 with related entities of Michael Hackett, a director of the group. The facility is charged interest at 2% above the CBA loan facility rate and is expected to be repaid as part of the JCC Demerger and group restructure. Interest of $25,448 has been capitalised as at balance date. Refer note 22 KMP loan amounts payable.

Collateral provided:

	2017	2016
	$	$
The carrying amounts of assets pledged as security are:		
First mortgage over freehold land and buildings at market value (including development property)	5,491,938	5,533,000
Floating charge over assets, including unlisted investments	4,351,356	5,779,476
Total assets pledged as security	**9,843,294**	**11,312,476**

NOTE 16 PROVISIONS

	Note	2017	2016
		$	$
Current			
Employee benefits		52,446	98,853
Total current provisions		**52,446**	**98,853**
Non-Current			
Employee benefits		-	607,276
Total non-current provisions		**-**	**607,276**
Opening Balance		706,129	711,782
Additional provisions		121,381	104,389
Transfer to liabilities associated with assets held for distribution	5(c)	(710,720)	-
Amounts used		(64,344)	(110,042)
Closing Balance		**52,446**	**706,129**

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 17: ISSUED CAPITAL

	2017	2016
(a) Contributed Equity	**$**	**$**
At the beginning of the reporting period	4,058,525	4,058,525
At the end of the reporting period	**4,058,525**	**4,058,525**

	2017	2016
Number of Ordinary Shares on Issue	**Number**	**Number**
At the beginning of the reporting period	33,110,131	33,110,131
At the end of the reporting period	**33,110,131**	**33,110,131**

The company does not have authorised capital or par value in respect of issued shares.

NOTE 17: ISSUED CAPITAL (cont'd)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

There are no options on issue.

(c) Capital Management

The group's debt and capital includes shares and financial liabilities, supported by financial assets. The group's capital is managed by assessing the group's financial risks and adjusting its capital structure in response to changes in those risks and in the market. Financial risk consideration includes the management of debt levels, distributions to shareholders and share issues. Given the recent volatility in financial markets and increased risks associated with high levels of gearing, the directors have elected to maintain low levels of borrowings. The strategy adopted to manage capital is consistent with prior years. The gearing ratios for the year ended 30 June 2017 and 30 June 2016 are as follows:

		2017	2016
	Notes	**$**	**$**
Total borrowings	15	685,448	47,368
Less cash and cash equivalents	6	(602,574)	(496,969)
Net debt / (surplus)		82,874	(449,601)
Total equity (less intangibles)		6,177,626	8,148,221
Total capital		6,260,500	7,698,620
Gearing ratio		11%	1%

Trustees Australia Limited, RedGate Asset Management Limited and Rim Securities Limited hold Australian financial services licences. Conditions of each licence authorisation, require each licensee to maintain a number of minimum financial standards as set out in Note 19(c): Commitments and Contingencies.

NOTE 18: RESERVES

NATURE AND PURPOSE OF RESERVES

Financial asset reserve
The financial assets reserve records revaluation of financial assets.

NOTE 19: COMMITMENTS AND CONTINGENCIES

(a) Trustee / Responsible Entity Obligations

Trustees Australia Limited acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Trustees Australia has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

	2017	2016
	$	**$**
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
Not later than 12 months	78,917	44,430
Between 12 months and 5 years	14,424	-
Greater than 5 years	-	-
Present value of minimum lease payments	**93,341**	**44,430**

NOTE 19: COMMITMENTS AND CONTINGENCIES (cont'd)

(c) AFS Licences

Trustees Australia Limited, RedGate Asset Management Limited and Rim Securities Limited hold financial services licences under section 913B of the *Corporations Act 2001*. These are Licences 260033, 260038 and 283119 respectively.

As a condition of licence authorisation, each licensee is required to maintain a number of base level financial requirements. The following table identifies these financial requirements and states whether each licensee has met these conditions for the 2017 financial year:

	Licence Number		
	260033	**260038**	**283119**
Base level financial requirement	**Condition satisfied by licensee (Y / N)**		
Meet the standard solvency and positive net assets requirement	Yes	Yes	Yes
Meet the cash needs requirement of the licence	Yes	Yes	Yes
Meet the audit requirements	Yes	Yes	Yes
Meet a net tangible assets (NTA) requirement with requirements for holding cash or cash equivalents and holding liquid assets	Yes	Yes	Yes

As allowed for in the licences, Trustees Australia has given a guarantee of financial support for the base level financial requirements of Rim Securities Limited. At 30 June 2017 this totalled $25,000 (2016: $950,000).

(d) Capital Expenditure Commitments

There are no capital expenditure commitments contracted for the year ended 30 June 2017.

(e) Other commitments

There are no other commitments for the year ended 30 June 2017.

(f) Other contingencies

Other than as disclosed in Note 2, there are no other contingencies for the year ended 30 June 2017.

NOTE 20: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS

(a) Names and positions held of KMP in office at any time during the financial year are:

Name:	Position
Michael Hackett	Managing Director / Chairman
Kerry Daly	Director
Nathan Leman	Director
Elizabeth Hackett	Operations Manager

(b) KMP Compensation by Category

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the group's KMP for the year ended 30 June 2017.

The totals of remuneration paid to KMP of the company and the group during the year are as follows:

	2017	2016
	$	$
Short term	486,060	486,060
Post employment	28,506	28,506
Other long-term	4,934	4,783
Termination benefits	-	-
Share-based payments	-	-
	519,500	**519,349**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 21: CONTROLLED ENTITIES

(A) Particulars in relation to controlled entities	Note	Class of Equity	2017 Percentage Owned	2016 Percentage Owned
Parent Entity:			%	%
Trustees Australia Limited	(a)			
Wholly Owned Controlled Entities				
Corporate Solutions Pty Ltd	(b)	ordinary	100	100
RedGate Asset Management Limited		ordinary	100	100
Budget Traveller Group Pty Ltd	(b)	ordinary	100	100
Australian Share Registers Pty Ltd		ordinary	100	100
Jimmy Crow Pty Limited	(b)(e)	ordinary	100	100
Magnums Backpackers & Bar Pty Ltd		ordinary	100	100
Corporate Queensland Pty Ltd		ordinary	100	100
Rim Securities Limited	(f)	ordinary	100	100
Airlie Central Two Property Trust		units	100	100

The financial year of all controlled entities is the same as that of the holding company. All controlled entities are incorporated in Australia.

(a) Ultimate Controlling Entity

The directors believe that the ultimate controlling entity of the group is Trustees Australia Limited (Trustees Australia).

(b) Corporate Solutions Pty Ltd, Jimmy Crow Limited, Budget Traveller Group Pty Ltd are joint and several guarantors to the Commonwealth Bank of Australia in respect of borrowing facilities for Trustees Australia and Jimmy Crow Limited. Jimmy Crow provided collateral security by way of registered mortgages over real property to the Commonwealth Bank of Australia in respect of the same borrowing facilities.

(c) Other than for the items in note 21(b) above, there are no significant restrictions over the group's ability to access or use assets and settle liabilities of the group.

(d) Some group entities trade with each other on a limited basis primarily in respect of administrative costs and intercompany balances.

(e) During the year Queensland Resorts Pty Ltd changed its name to Jimmy Crow Limited.

(f) Trustees Australia owns 100% of the issued Ordinary Shares and 97% of the issued Ordinary A Shares in Rim Securities Limited. The Ordinary Shares hold all voting and equity rights and the Ordinary A Shares have no rights other than an entitlement to a capital return of 10 cents per share on winding up or restructure. Trustees Australia intends to initiate a process to buy back the outstanding 3% of Ordinary A Shares at the price of 10 cents in the current financial year.

NOTE 22: RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTIES

Related parties of Trustees Australia group are:

- controlled entities - see note 21.
- associates - see note 12 and below.
- key management personnel and their associates - see note 20.
- director related entities - see below.

Entity with significant influence over the group

Relevant interest associated with the Managing Director, Michael Hackett, own 47.54% (2016: 61.40%) of the ordinary shares in Trustees Australia at the date of this report.

Associates

Following the final distribution and winding up of the Whitsunday Village Retail Property Trust No 1 during the year, the group no longer has an interest in the trust at 30 June 2017 (2016: 42.92%). Refer Note 12 Investments in Associates.

During the year the group earned fees of $2,219 (2016: $9,523) for completion of Responsible Entity duties for WVRPT and a 3% fee of $33,000 (2016: $145,140) on the sale proceeds of various lots. There were no outstanding amounts due from WVRPT at balance date (2016: $297). The group also paid rent of $4,270 for a casual tenancy in WVRPT in the 2016 comparative year.

Director related entities

Mr Michael Hackett is a director of Australian Dairy Farms Group. As set out in note 9, Trustees Australia holds equity in ADFG and held convertible notes which were converted to equity on 22 October 2016. Interest received from ADFG on the convertible notes for the year ended 30 June 2017 was $36,015 (2016: $106,438).

Trustees Australia has also accrued for the recovery of employment, accounting and other administrative costs from ADFG totalling $275,000 (2016: $338,900) for the year ended 30 June 2017. As set out in note 7, at 30 June 2017 there is $444,450 (2016: $338,900) due from ADFG.

Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length at normal market prices and on normal commercial terms.

NOTE 23: SEGMENT INFORMATION

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed by the board in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings since the diversification of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service; and
- external regulatory requirements.

Types of products and services by segment

Financial Services - continuing operations

The financial services segment includes:

- custodial and responsible entity services through Trustees Australia;
- fixed income broking and advisory through Rim Securities; and
- development of fund management activities in RedGate Asset Mangement Limited.

NOTE 23: SEGMENT INFORMATION (con't)

Types of products and services by segment

Tourism & Hospitality - discontinued operations

The tourism and hospitality segment includes the ownership and operation of Magnums Airlie Beach Backpackers, offering various grades of backpacker hostel style accommodation and services including a tour sales outlet. The operations are located at Airlie Beach in the Whitsundays, Queensland.

Property and Investment - discontinued operations

The property and investment segment includes:

- development land and buildings at Airlie Beach, suitable for providing retail shopping facilities, accommodation or held for resale in Trustees Australia;
- a 42.92% interest in WVRPT, a managed investment scheme holding retail shops at Airlie Beach. WVRPT was wound up on 30 June 2017 after a pro-rata distribution of remaining funds after selling the last property asset held.
- the group's portfolio holding of listed investments which includes a 8.16% interest in the Australian Dairy Farms Group.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless otherwise stated, all amounts reported to the board with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

As discussed in Note 5: Discontinued Operations and Results for the Period, the group has presented its tourism and hospitality and property and investment segments as assets and liabilities held for distribution in the Consolidated Statement of Financial Position. Upon the completion of the JCC Demerger, the group will operate in one reportable segment, being the financial services industry in Australia, however AASB 5 requires assets and liabilities to be reported by segment in this financial year.

Segment assets

If an asset is used across multiple segments, it is allocated to the segment that receives the majority of economic value from it. Segment assets are generally clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings are considered to relate to the group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

In the 30 June 2016 comparative, liabilities were allocated to segments where there was a direct nexus between the incurrence of the liability and the operations of the segment and the remaining other liabilities were considered group liabilities and reported as unallocated. As part of the JCC Demerger and group restructure, for the year ended 30 June 2017 the group has allocated other liabilities that will form part of the JCC Demerger to the tourism and hospitality segment and the remainder to the financial services segment.

The following items of revenue and expenses were not allocated to operating segments in the 2016 comparative as they were not considered part of the core operations of any segment:

- income tax expense
- finance costs
- corporate charges
- discontinued operations.

NOTE 23: SEGMENT INFORMATION (con't)

(i) Segment Performance

30 June 2017	Financial Services	Total
Revenue	**$**	**$**
External sales	1,293,591	1,293,591
Inter-segment sales	-	-
Interest revenue	42,449	42,449
Total segment revenue	**1,336,040**	**1,336,040**
Reconciliation of segment revenue to group revenue		
Revenue from discontinued operations		2,570,488
Total revenue from continuing and discontinued operations		**3,906,528**
Segment net loss before tax from continuing operations	**(253,983)**	**(253,983)**

30 June 2016	Financial Services	Total
Revenue	**$**	**$**
External sales	1,540,032	1,540,032
Inter-segment sales	-	-
Interest revenue	113,766	113,766
Total segment revenue	**1,653,798**	**1,653,798**
Reconciliation of segment revenue to group revenue		
Revenue from discontinued operations		2,942,048
Total revenue from continuing and discontinued operations		**4,595,846**
Segment net loss before tax from continuing operations	**88,912**	**88,912**

NOTE 23: SEGMENT INFORMATION (con't)

(ii) Segment Assets and Liabilities

Segment Assets	Tourism & Hospitality Services	Property	Financial Services	Total
As at 30 June 2017	**$**	**$**	**$**	**$**
Segment assets	7,254,812	860,000	1,728,482	9,843,294
Segment asset increases for the period:				
Capital expenditure	96,941	-	111,573	208,515
Reconciliation of segment assets to group assets				
Unallocated assets				-
Total group assets				**9,843,294**

Segment Assets	Tourism & Hospitality Services	Property	Financial Services	Total
As at 30 June 2016	**$**	**$**	**$**	**$**
Segment assets	5,045,045	1,422,002	4,845,429	11,312,476
Segment asset increases for the period:				
Capital expenditure	41,577	-	177,960	219,537
Acquisitions	-	-	512,025	512,025
	41,577	-	689,985	731,562
Included in segment assets are				
Equity accounted associates	-	558,912	-	558,912
Reconciliation of segment assets to group assets				
Unallocated assets				-
Total group assets				**11,312,476**

Segment Liabilities				
As at 30 June 2017				
Segment liabilities	2,507,374	-	338,675	2,846,049
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				
Other liabilities				-
Total group liabilities				**2,846,049**
Segment Liabilities				
As at 30 June 2016				
Segment liabilities	324,945	-	1,160,203	1,485,148
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				
Other liabilities				782,600
Total group liabilities				**2,267,748**

NOTE 24: EARNINGS PER SHARE

	2017 cents	2016 cents
From continuing and discontinued operations		
Basic profit / (loss) per share	(6.2)	(1.6)
Diluted profit / (loss) per share	(6.2)	(1.6)
From continuing operations		
Basic profit / (loss) per share	(0.8)	0.3
Diluted profit / (loss) per share	(0.8)	0.3
From discontinued operations		
Basic profit / (loss) per share	(5.4)	(1.9)
Diluted profit / (loss) per share	(5.4)	(1.9)
Reconciliation of earnings to profit or loss		
Loss for the year	(2,047,483)	(530,458)
Earnings used to calculate basic EPS	**(2,047,482)**	**(530,458)**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	33,110,131	33,110,131
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**33,110,131**	**33,110,131**

NOTE 25: FINANCIAL RISK MANAGEMENT

The group’s principal financial instruments are set out below.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2017 $	2016 $
Financial assets			
Cash and cash equivalents	6	602,574	496,969
Loans and receivables	7	722,838	626,102
Bonds and deposits	10	127,555	104,201
Listed investments - available for sale at fair value	9(b)	1,756,581	1,106,876
Unlisted investments - at fair value through profit and loss	9(a)	-	1,623,468
Total financial assets		**3,209,548**	**3,957,616**
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	14	1,397,435	1,514,251
Borrowings	15	685,448	47,368
Total financial liabilities		**2,082,883**	**1,561,619**

NOTE 25: FINANCIAL RISK MANAGEMENT (cont'd)

(a) Financial Risk Management Policies

The main purpose of the financial instruments listed is to provide finance for the group's operations when the board considers it appropriate. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the group's financial instruments include interest rate risk, liquidity risk, share price risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. Overall these risks are considered to be minimal.

(i) Treasury Risk Management

The board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the board when necessary. These include the use of credit risk policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

Interest rate risk

Interest rate risk arises where the group has financial instruments exposed to rate movements. This arises on bank balances and the group also had debt exposure through $47,368 in fixed rate facilities in the 2016 comparative. The group's exposure to cash flow interest rate risk is considered minimal.

Credit risk

Credit risk arises from the risk that a counterparty will default on its obligations to the group. The group trades only with parties that it believes to be creditworthy. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. Refer note 7 for comments on concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, available-for-sale assets and certain derivative instruments, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The group generally does not require third party collateral.

Credit risk also arises for the parent entity on its funding of controlled entities and guarantees given in respect of borrowings by controlled entities - see note 2.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below presents maturity of the group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that group banking facilities will be extended.

NOTE 25: FINANCIAL RISK MANAGEMENT (cont'd)

(a) Financial Risk Management Policies (cont'd)

Liquidity risk (cont'd)

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	(685,448)	(47,368)	-	-	-	-	(685,448)	(47,368)
Trade & other payables	(1,397,435)	(974,529)	-	(539,722)	-	-	(1,397,435)	(1,514,251)
Total contractual outflows	**(2,082,883)**	**(1,021,897)**	**-**	**(539,722)**	**-**	**-**	**(2,082,883)**	**(1,561,619)**
Total expected outflows	**(2,082,883)**	**(1,021,897)**	**-**	**(539,722)**	**-**	**-**	**(2,082,883)**	**(1,561,619)**
Financial assets - cash flows realisable								
Cash and cash equivalents	602,574	496,969	-	-	-	-	602,574	496,696
Bonds & deposits	127,555	104,201	-	-	-	-	127,555	104,201
Trade receivables and loans	722,838	626,102	-	-	-	-	722,838	626,102
Listed investments - available for sale at fair value	1,756,581	1,106,876	-	-	-	-	1,756,581	1,106,876
Unlisted investments - at fair value through profit and loss	-	1,623,468	-	-	-	-	-	1,623,468
Total anticipated inflows	**3,209,548**	**3,957,616**	**-**	**-**	**-**	**-**	**3,209,548**	**3,957,616**
Net (outflows) / inflows on financial instruments	**1,126,665**	**2,935,719**	**-**	**(539,722)**	**-**	**-**	**1,126,665**	**2,395,997**

Share price risk

The group has investments in the following ASX listed company sectors at the end of the reporting period:

- Information technology
- Food, beverage and tobacco

These are long term shareholdings, however exposure exists to movements in the market price.

NOTE 25: FINANCIAL RISK MANAGEMENT (cont'd)

(b) Net Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments recognised in the financial statements.

		Carrying Amount		Fair Value	
	Footnote	2017	2016	2017	2016
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	602,574	496,969	602,574	496,969
Trade and other receivables	(i)	722,838	626,102	722,838	626,102
Bonds and deposits	(i)	127,555	104,201	127,555	104,201
Listed investments - available for sale at fair value	(ii)	1,756,581	1,106,876	1,756,581	1,106,876
Unlisted investments - at fair value through profit and loss	(iii)	-	1,623,468	-	1,623,468
Total financial assets		**3,209,548**	**3,957,616**	**3,209,548**	**3,957,616**
Financial liabilities					
Trade creditors	(i)	1,397,439	1,514,251	1,397,439	1,514,251
Interest bearing liabilities	(iv)	685,448	47,368	685,448	47,368
Total financial liabilities		**2,082,887**	**1,561,619**	**2,082,887**	**1,561,619**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) For listed available-for-sale financial assets, closing quoted bid prices at the end of the reporting period are used.

(iii) For unlisted investments at fair value through profit and loss, the fair value of the convertible notes plus accrued interest and the conversion option is based on closing quoted bid prices at the end of the reporting period and amortised cost.

(iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates.

(c) Contingencies

The company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 19: Commitments and Contingencies. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the directors' estimate of amounts that would be payable by the group as consideration of the assumption of those contingencies by another party.

NOTE 25: FINANCIAL RISK MANAGEMENT (cont'd)

(d) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

(i) Interest rate sensitivity analysis

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2017	2016
Change in profit	**$**	**$**
- Increase in interest rate by 2.5%	13,633	53,011
- Decrease in interest rate by 2.5%	(13,633)	(53,011)
Change in equity		
- Increase in interest rate by 2.5%	(13,633)	53,011
- Decrease in interest rate by 2.5%	13,633	(53,011)

(ii) Price risk sensitivity analysis

At 30 June 2017, the net effect on profit and equity of a 20% change in price:

- listed investments, with all other variables remaining constant is $351,316 up / down (2016: $221,375 up / down) for the group.

NOTE 26: AUDITOR'S REMUNERATION

The following total remuneration was received or is receivable by the auditor of Trustees Australia in respect of:

	2017	2016
	$	**$**
Audit and review of the financial statements	70,610	74,180
Non audit services	6,000	-

NOTE 27: EVENTS AFTER THE BALANCE DATE

During the year, the board advised shareholders and ASX of planned significant changes in the scale and nature of the group's activities through the JCC Demerger and Cashwerkz Acquisition. These and other related changes were subject to approval by shareholders at a General Meeting of the company held subsequent to the financial year end on 31 July 2017. All resolutions were passed and the JCC Demerger and Cashwerkz Acquisitions are expected to be completed and securities in both Trustees Australia and Jimmy Crow issued in the week commencing 14 August 2017. At that time Messers John Nantes and Brook Adcock will also join the Trustees Australia board. Full details of the transactions, future funding arrangements and independent reports about the transactions are included in the Notice of Meeting dated 30 June 2017 and lodged with ASIC and ASX on that date.

In the opinion of the directors there were no other material matters that have arisen since 30 June 2017 that have significantly affected or may significantly affect the group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

The financial report was authorised for issue as at the date of the directors declaration.

NOTE 28: FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets;
- financial assets at fair value through profit and loss;

The group subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the group are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTE 28: FAIR VALUE MEASUREMENTS (cont'd)

The following tables provide the fair values of the group's assets measured and recognised on a recurring and non-recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2017

	Note	Level 1	Level 2	Level 3	Total
		$	**$**	**$**	**$**
Assets recognised at fair value on a recurring basis					
Financial assets					
Available-for-sale financial assets					
- Shares in listed companies (i)	9(b)(ii) 5(c)	1,756,581	-	-	1,756,581
Total financial assets recognised at fair value on a non-recurring basis		**1,756,581**	**-**	**-**	**1,756,581**
Non-recurring fair value measurements					
Land and buildings (ii)	13		4,631,938		4,631,938
Total non-financial assets recognised at fair value on a recurring basis		**-**	**4,631,938**	**-**	**4,631,938**

(i) In accordance with AASB5, Available-for-sale financial assets have been reclassified as non-recurring in the current financial year.

(ii) Freehold land and building is the Magnums site, being a backpacker operations in Airlie Beach. The board considers that the land's current use is its highest and best use.

30 June 2016

	Note	Level 1	Level 2	Level 3	Total
		$	**$**	**$**	**$**
Assets recognised at fair value on a recurring basis					
Financial assets					
Available-for-sale financial assets					
- Shares in listed companies (i)	9(b)	1,106,876	-	-	1,106,876
Financial assets at fair value through profit and loss					
- Convertible notes - loan component	9(a)	-	1,623,468	-	1,623,468
Total financial assets recognised at fair value on a recurring basis		**1,106,876**	**1,623,468**	**-**	**2,730,344**
Non-recurring fair value measurements					
Land and buildings (ii)	13		4,673,000		4,673,000
Total non-financial assets recognised at fair value on a non-recurring basis		**-**	**4,673,000**	**-**	**4,673,000**

NOTE 28: FAIR VALUE MEASUREMENTS (cont'd)

b) Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Receivables;
- Associates;
- Payables; and
- Borrowings.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Input Used
Assets				
Receivables	7	2	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Associates	12	2	Income approach using disclosed financials of associates	Financial statements
Liabilities				
Payables	14	2	Income approach using discounted cash flow methodology	Yield curves based on market interest rates for remaining maturity period for similar liabilities
Borrowings	15	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

Trustees Australia

DIRECTORS' DECLARATION

For the year ended 30 June 2017

In accordance with a resolution of the directors of Trustees Australia Limited, the directors of the company declare that:

(a) the financial statements and notes to the financial statements of the company and of the group, as set out on pages 13 to 60, and the remuneration disclosures that are contained within the remuneration report with the Directors' Report set out on pages 8 to 11 are in accordance with the Corporations *Act 2001*, and:

(i) give a true and fair view of the company's and group's financial position as at 30 June 2017 and of their performance for the year ended on that date; and

(ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) the directors have been given the declarations required by s 295A of the *Corporations Act 2001*.

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

Michael Hackett

Michael Leslie Hackett
Managing Director

Kerry Daly

Kerry John Daly
Director

Brisbane

14 August 2017

Independent Auditor's Report to the Members of Trustees Australia Limited and Controlled Entities

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Trustees Australia Limited and Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of Trustees Australia Limited and Controlled Entities is 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 2017 and of its financial performance for the year then ended; 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 1.

Basis for opinion

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, as attached to the director's report, has not changed as at the date of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Nexia Australia

Independent Auditor's Report to the Members of Trustees Australia Limited and Controlled Entities (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation and disclosure of disposal group held for distribution Refer to Notes 5 and 13(a) of the financial report. In December 2016, the Group committed to a corporate restructure and de-merger of Jimmy Crow Pty Ltd (formerly Queensland Resorts Pty Ltd) from Trustees Australia Limited. The demerger was given shareholder approval on 31 July 2017. The assets and liabilities of Jimmy Crow Pty Ltd have been classified as a disposal group and recorded at the lower of its carrying value and estimated fair value less costs to distribute. The disposal group's carrying value of Property, Plant & Equipment at 30 June 2017 is $4.86 million. On 28 March 2017 Cyclone Debbie made landfall at Airlie Beach. The assessment of whether that event caused the disposal group's value of Property, Plant & Equipment to exceed its fair value less costs to distribute was a key audit matter due to the high level of judgement involved in estimating the fair value of the disposal group, and the significant carrying amounts of those assets.	Our procedures included, amongst others: • Review management's assessment of non-current asset carrying values at 30 June 2017, including: ➢ Discuss with management the extent of damage caused to the property by Cyclone Debbie to assess whether it is representative of requiring minor superficial works or repairs versus significant structural damage; ➢ Review and assess the insurance claims submitted to the insurer by management to determine the nature and extent of damage to the property; ➢ Review the previous financial years' occupancy levels and revenue yields and compare them to the current year for both pre and post cyclone Debbie; ➢ Review forward reservations to assess likely occupancy levels and revenue yields for the period beyond 30 June 2017; ➢ Evaluate the appropriateness of the assumptions applied to key inputs such as occupancy levels, revenue volumes, operating costs and inflation of managements operating budgets and cash flows; • Review independent market research and commentary of external valuation specialists about the impact of Cyclone Debbie on Airlie property values; and • Evaluate the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements as required by AASB 5: *Non-current Assets held for Sale and Discontinued Operations.*

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Independent Auditor's Report to the Members of Trustees Australia Limited and Controlled Entities (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and request the other information be corrected. If the other information is not corrected after communicating with the Directors we will be required to seek to have the uncorrected material misstatement brought to the attention of users for whom this auditor's report is prepared.

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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a

Nexia Australia

Independent Auditor's Report to the Members of Trustees Australia Limited and Controlled Entities (continued)

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 12 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion

In our opinion, the remuneration report of Trustees Australia Limited and Controlled Entities, for the year ended 30 June 2017, complies with s 300A of the *Corporations Act 2001*.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson.

Ann-Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane QLD, 4000

Date: 14 August 2017

SHAREHOLDER INFORMATION

The following information was extracted from Trustees Australia's Register of Shareholders on 8 August 2017:

TWENTY LARGEST SHAREHOLDERS

		Fully Paid Shares	
		Shares Held	**% of Issued**
1	Costine Pty Ltd	14,577,423	44.03%
2	Evelyn Anderson ATF Extra Incentive Fund	4,921,559	14.86%
3	Mikko Constructions Pty Ltd	2,878,880	8.69%
4	Elizabeth Mersh Superannnuation Fund	1.877,962	5.67%
5	Mr David Scicluna & Mr Anthony Scicluna	621,003	1.88%
6	Fiduciary Nominees Pty Ltd	569,719	1.72%
7	Mr Milton Yannis	531,413	1.60%
8	Book Now Online Pty Ltd	485,310	1.47%
9	Kreskin Pty Ltd	460,200	1.39%
10	Mr Norman Colburn Mayne	450,000	1.36%
11	Terrence Mccorley	328,479	0.99%
12	Mr Ralph Perez	199,496	0.60%
13	Mrs Ruth Mackay and Mr Timothy Mackay	175,560	0.53%
14	Alan Cobb	166,022	0.50%
15	One Managed Investment Fund	162,640	0.49%
16	Jig Investments Pty Ltd	150,100	0.45%
17	Phillip Dickinson & Joanna Dickinson	150,000	0.45%
18	Ian Henderson	148,193	0.45%
19	Ross George Yannis	140,000	0.42%
20	Linton Rise Pty Ltd	125,000	0.38%
	Total of Top Twenty Shareholdings	**29,118,959**	**87.95%**
	Total Shares on issue	**33,110,131**	**100.00%**

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Shareholders	Total Units	%
1 - 1000	66	26,111	0.079
1,001 - 5,000	164	355,200	1.073
5,001 - 10,000	61	472,424	1.427
10,001 - 100,000	79	2,615,993	7.901
100,001 or greater	30	29,640,403	89.521
	400	**33,110,131**	**100.00**

MARKETABLE PARCELS

At 8 August 2017, using the last traded share price of $0.17 per share, there were 209 holdings, which were of less than a marketable parcel ($500).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

HOLDER OF RELEVANT INTEREST

The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 8 August 2017 was:

	Ordinary
Michael Hackett - Relevant Interests	15,739,203
Evelyn Anderson ATF Extra Incentive Fund	4,921,559
Mikko Constructions Pty Ltd	2,878,880
Elizabeth Mersh Superannnuation Fund	1,877,962
Total	**25,417,604**
Percentage of shares on issue in category	76.77%

UNQUOTED SECURITIES

Options over unissued shares

There are no options over unissued shares in Trustees Australia.

CORPORATE DIRECTORY

Board of Directors

Michael Hackett (B.Com, FCA)
Managing Director / Chairman

Kerry Daly (B.Bus, CPA)
Director

Nathan Leman
Director

Company Secretaries

Jerome Jones
Company Secretary

Registered Office

Level 3, 140 Ann Street
Brisbane QLD 4000

Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: shareholders@trusteesau.com.au
Web: www.trusteesau.com.au

Corporate Office

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Brisbane QLD 4001

Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: mail@trusteesau.com.au
Web: www.trusteesau.com.au

Share Register

Boardroom Limited
GPO Box 3993
Sydney NSW 2001

Telephone: 1300 737 760
Facsimile: (02) 9279 0664
Email: enquiries@boardroomlimited.com.au
Web: www.boardroomlimited.com.au

Auditor

Nexia Brisbane Audit Pty Ltd
GPO Box 1189
Brisbane QLD 4001

Telephone: (07) 3229 2022
Facsimile: (07) 3229 3277
Email: email@nexiabrisbane.com.au
Web: www.nexia.com.au

Stock Exchange

Trustees Australia is listed on the official List of the Australian Securities Exchange Limited (ASX). The ASX Code is “TAU”.