Cashwerkz.

Trustees Australia Limited

ANNUAL REPORT 2018

CONTENTS

CHIEF EXECUTIVE OFFICER'S LETTER

The past 12 months have been transformational for Trustees Australia Limited as we completed the acquisition and merger of Cashwerkz into the business, leveraging the latest innovative technology to streamline and automate the placement of term deposits.

After reviewing our growth strategy, the group has embraced the Cashwerkz technology as core to our strategic direction and have been successful with evolving the Cashwerkz marketplace incorporating RIM Securities' 14 years of fixed interest knowledge, experience and insight gained across all segments whilst maintaining one of our core principles that your money is never in our control.

Powerful synergies between the teams have already accelerated innovation for all channels: direct, advised, middle market and institution.

We have received positive growth across all segments, and with the release of Cashwerkz v1.5, an adviser centric version of the platform, we welcomed over 25 dealer groups - with access to over 1,000 financial planners - to the platform.

The middle markets experienced strong growth and the Institutional segment is gaining significant traction. Fast-tracking the expansion of the Cashwerkz Custodian Institutional workflow solution - the first of its kind in Australia - has seen a number of Australian Custodians already implementing Cashwerkz into their firms, dramatically reducing compliance and processing times resulting in more effective use of respective resources and better client service.

We believe anyone managing external money will have to demonstrate "client's best interest", in effect focusing on increasing investors returns in this low interest rate environment. Implementing the technology that helps provide investment "choice" to term deposit investors will be important and to address this we are currently working with over 20 Authorised Deposit-taking Institutions (ADI's) and we anticipate doubling this number over the next 12 months. There are also funding benefits to ADI's who opt to partner with Cashwerkz.

Utilisation of the Cashwerkz Application Programming Interface (API), is spearheading the next wave of service delivery of term deposit services to the next generation of applications for use by your trusted investment professionals or directly by you.

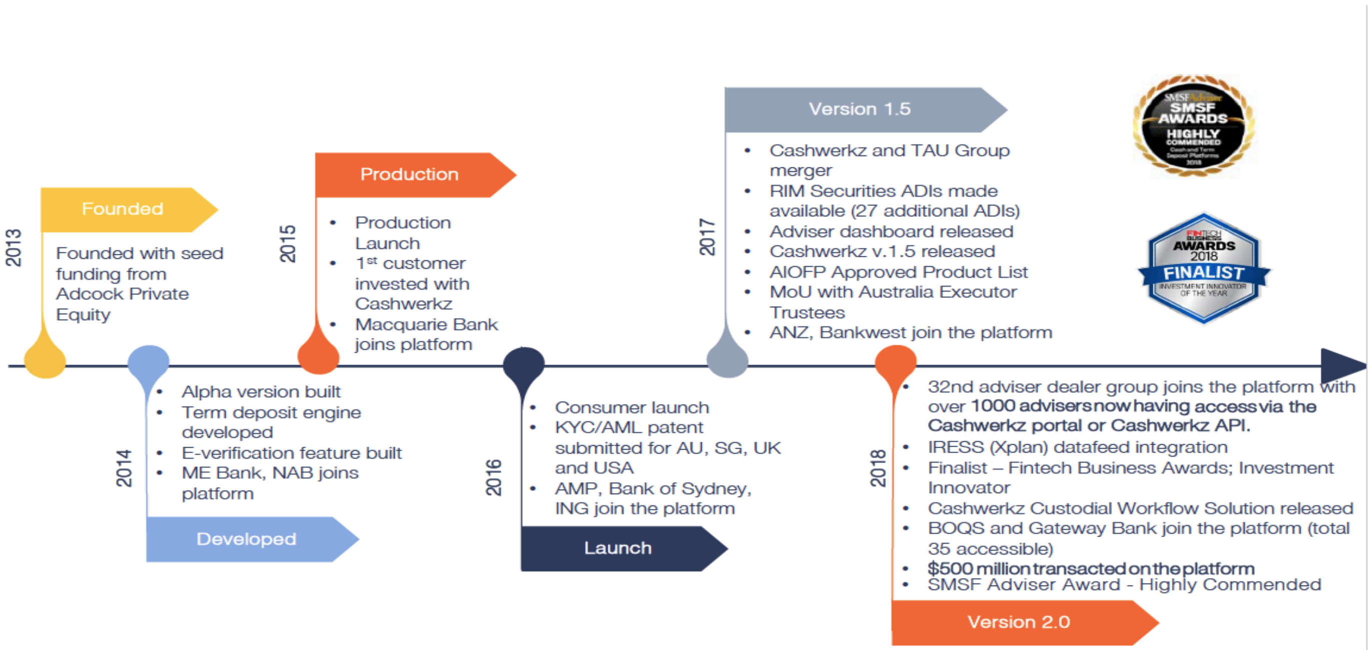
Cashwerkz is receiving tremendous interest from multiple segments as we continue to innovate and provide solutions to the market and see our initiatives making a difference to all investors and stakeholders.

The financial year 2017/2018 and the first quarter of the 2018/2019 year are periods of transformation for a solid future.

I would like to thank all of our employees and the people involved in the company for their support and hard work during the year.

I would also like to thank the securityholders for their support during the year and assure them that they are top of mind in all respects. For those of you who are able to make it to the AGM, please introduce yourself and I look forward to meeting you then.

Hector Ortiz
CHIEF EXECUTIVE OFFICER



The board of directors of Trustees Australia Limited (Trustees Australia) submits to members the Financial Report of the company and its controlled entities the (group) for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the group have changed significantly during the year with the acquisition by Trustees Australia of Cashwerkz and the contemporaneous demerger of Jimmy Crow Limited which held the Tourism and Property assets originally held by the Group since 1988. The principal activities conducted during the year were:

Financial Services Activities comprising:

- responsible entity services through Trustees Australia, although this activity has reduced during the year;
- fixed interest broking and advisory through Rim Securities Limited (Rim Securities); and
- from 17 August 2017, investment in the Cashwerkz Platform in Cashwerkz Group Trust (Cashwerkz).

Tourism and Hospitality Activities (discontinued operations) comprising:

- until the Jimmy Crow demerger on 17 August 2017, ownership and operation of Magnums Airlie Beach Backpackers in Jimmy Crow Limited (Jimmy Crow).

Property and Investment Activities (discontinued operations) comprising:

- until the Jimmy Crow demerger on 17 August 2017, development property ownership at Airlie Beach adjoining Magnums.

The Jimmy Crow Demerger represented a significant change in the scale and nature of the group's activities during this financial year and is a significant change which simplifies the group and allows it to focus solely on Financial Services going forward.

The acquisition of Cashwerkz, a financial services Fintech which provides a simple online capability to enable retail and sophisticated investors and their advisers and employees to easily transact in term deposits of multiple Australian Banks (ADIs), including establishing new accounts while complying with regulatory identification processes in a streamlined manner and its connection with Rim Securities which has for more than a decade provided traditional advisory and transaction services in the same term deposits products in a manual process, represents a major turning point in the focus of the group and an opportunity for significant future growth.

OUR BUSINESS MODEL AND OBJECTIVES

The Jimmy Crow Demerger and the Cashwerkz Acquisition brought about a unique combination of the automated term deposit transaction capacity of Cashwerkz and the depth of market experience of Trustees Australia and its subsidiary Rim Securities to establish a significant new online transaction engine with fixed interest product development capability. The transaction has been a merger of complementary assets and skills in the fixed interest and financial services market with sophisticated financial on-line technology (referred to in financial markets as "fin-tech").

Since the acquisition of Cashwerkz, the promotion of the new business with prospective commercial users of the facility has been intense, led by Hector Ortiz the CEO of the Group, with the emphasis being on education and implementation and building Funds Under Management (FUM) on the Cashwerkz platform.

The promotion has been directed at major users of term deposits such as Custodians, Financial Advisory Dealer Groups, Stockbroking Firms and any commercial organisation which handle, manage and place clients' money in interest earning term deposits offered by ADIs.

The Business Model is simple: Offer investors a wide range of choice of interest rates and investment periods in term deposits on offer from multiple ADI and make it simple to open new accounts with ADIs and to seamlessly move funds between ADIs while avoiding the often tedious and time consuming process of having to supply new identification verification to each ADI. That process is undertaken within Cashwerkz just once and participating ADIs rely on the Cashwerkz process to open new accounts and to transact in term deposits.

This enables users to transfer funds between their own existing and new bank accounts without having any funds pass through a third party. Cashwerkz and Rim Securities never touch the money being transferred.

The process is efficient for users who get competitive rates of interest and comprehensive reporting, with advisers receiving direct reporting via IRRES.

It is also efficient for ADI's including the smaller regional ADIs, which gain exposure to potential term deposit customers from Australia-wide as opposed to their own local region.

The results in terms of FUM growth and numbers of sophisticated users including large brokers and custodians strongly supports the viability of the Cashwerkz platform and its union with Rim Securities.

The continued development and promotion of Cashwerkz and Rim Securities is expected to continue to be the Principal Activity of the group in the near term future.

OPERATING RESULT

The consolidated net loss attributable to members of Trustees Australia, after providing for income tax, was $1,590,826 (2017: $1,857,181.

The result was achieved on revenue and other income of $3,839,387 (2017: $1,336,040), total expenses of $5,956,307 (2017: $1,590,023) and profit from discontinued operations of $526,094 (2017: $1,603,198 loss). The net loss for the year is predominantly attributable to the increased operating costs following the acquisition of Cashwerkz, offset by the gain on bargain purchase on acquisition of Cashwerkz of $2,851,386 and amortisation expenses of software acquired in the Cashwerkz transaction.

FINANCIAL POSITION

The net assets of the group decreased by $319,670 to $6,677,575 at 30 June 2018, compared with $6,997,245 at 30 June 2017. Included in the change in net asset value is the addition of a net $10,301,165 following the acquisition of Cashwerkz (refer Note 18(iii)) and the disposal of a net $6,721,110 as part of common control business combinations and transactions on demerger of Jimmy Crow (refer Note 5) .

The group has borrowings of $4,003,239 (2017: $nil), which are Convertible Redeemable Preference Shares (CRPS) required to be classified as debt under accounting standards (refer Note 12). The holders of the CRPS have given notice to convert the CRPS to ordinary shares, however this will require shareholder approval, expected to be at the AGM to be held in October.

The directors believe the group is in a position to expand and grow its current operations.

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS

Financial Services Segment - continued operations

- ***CASHWERKZ PLATFORM (CASHWERKZ)***

  Cashwerkz is a platform for all Australian term deposit investors to streamline their investment process by providing investment choice that is simple to use and secure. With powerful Know Your Client and Anti-Money Laundering technology, Cashwerkz makes the research and management of term deposit holdings easy to manage whilst delivering the most up-to-date market rates for review and investment consideration.

  This technology makes switching between ADI's easier, which is attracting an increasing number of registered users. The product and development teams are continuing to evolve the platform, focusing on innovation and efficiencies and comprehensive reporting for advisers. Sales efforts revolve around adding additional ADI's onto the platform, dealer groups, and release of the Custodian Workflow Solution.

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

  Rim Securities provides fixed income brokerage services to a range of wholesale and retail customers. During the year, 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 acquisition of Cashwerkz, which provides an online automated platform for managing term deposits between ADIs.

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

  During the current financial year, Trustees Australia role as Responsible Entity for managed investment schemes has decreased with the two main funds, Lanyon Australia Fund and the Lanyon Global Fund, being transferred to a large institutional trustee company which had the net tangible asset backing to be able to provide for the future growth of those funds in the lead up to the demerger of Jimmy Crow from the group. Previously, Trustees Australia has relied on the tangible assets of real property held in the group which on demerger ceased to be consolidated assets of Trustees Australia. The calculation of NTA is required by ASIC to be based on the NTA of the licensee rather than the consolidated group of which the licensee is the parent entity. Post the Jimmy Crow demerger and the proposed recapitalistion of Trustees Australia via a capital raising approved by shareholders, it is the intention of directors to re-establish the Custodial and Responsibile Entity services activities of the group to be operated within a wholly-owned subsidiary entity. An application to vary and combine several AFSL's held by group entities into the AFSL held by Redgate Asset Management Limited has been lodged with ASIC to implement this strategy.

Tourism, Hospitality and Property Segments - discontinued operations

The operations of these segments ceased to be operations of Trustees Australia on the demerger of Jimmy Crow on the demerger date - 17 August 2017 and are included in discontinued operations in Trustees Australia.

The Jimmy Crow demerger was undertaken to simplify the Trustees Australia structures and asset holdings to enable it to focus entirely on Financial Services activities, primarily the development and monetisation of the Cashwerkz Platform.

The Demerger of Jimmy Crow occurred immediately before the acquisition of Cashwerkz and all Trustees Australia shareholders registered on the record date for the transaction (in effect the day prior to the demerger date) were issued with an equivalent number of new shares in Jimmy Crow as held in Trustees Australia, and Jimmy Crow was contemporaneously listed on the National Stock Exchange under the ticker code JCC.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Going Concern

Future Funding and Capital Raising

The consolidated financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The group incurred a loss, excluding other income, for the period attributable to members of $4,594,155 for the year ended 30 June 2018 (2017: $1,857,181). Furthermore the group has a working capital deficiency of $3,676,930 and a net tangible asset deficiency of $3,481,319 as at 30 June 2018 (2017: $6,177,630 surplus).

At the date of this financial report the directors are continuing to investigate alternative funding arrangements, which include the following but is not necessarily limited to:

- Conversion of the Convertible Redeemable Preference Shares (CRPS) which are currently recorded as current debt in their entirety. This will have the immediate effect of eliminating the working capital and NTA deficiency. The holders of the CRPS have given notice to convert the CRPS to ordinary shares, however this will require shareholder approval at the AGM, reasonably expected to occur in October 2018. In the unlikely event that shareholder approval for the conversion is not obtained, a material uncertainty will arise that casts significant doubt as to whether the group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business; and
- Investor placement with the possibility to raise up to $10 million.

The directors are confident that the group will be successful with these fund raising initiatives and, as a result, will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the consolidated financial report.

The ability of the group to continue to pay its debts as and when they fall due and payable is dependent upon obtaining additional funding support. In the event that the group does not achieve the above outcomes, there exists a material uncertainty that casts significant doubt as to whether the group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business. The consolidated financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not be able to continue as a going concern.

Breach of AFSL Conditions

As previously reported in the group's interim financial report, since the demerger of the Jimmy Crow Group, Trustees Australia Limited (Trustees Australia) has been in breach of the financial requirements of its Australian Financial Services Licence (AFSL) in respect of the calculation of Net Tangible Assets (NTA).Trustees Australia has remained in breach of its AFSL financial requirements throughout the period and continues to do so at the date of this report.

The directors have been regularly liaising with the Australian Securities and Investments Commission (ASIC) in order to remedy the breach. Actions taken by the group include reducing the number and size of Funds under the Responsibility Entity's management to reduce the level of NTA required to be held; implementing a restructure of the group's three existing AFSL's which includes revised financial service offerings, together with intention to convert the Convertible Redeemable Preference Shares (CRPS) as discussed above and additional capital raising. The directors are confident of obtaining ASIC approval for a new AFSL incorporating the three existing AFSL's held by Trustees Australia, Redgate Asset Management Limited (Redgate) and Rim Securities Limited. The application to vary the terms of the Redgate AFSL to include all authorisations of the other AFSLs not already included in the Redgate AFSL. Redgate will also remain as a subsidiary entity in the consolidated entity and will therefore not have any material liabilities.

Furthermore the directors are satisfied the proposed funding measures will provide sufficient liquidity to the group to remedy the breach and provide sufficient resources in order to fund both the group and facilitate the continued development of Cashwerkz capability.

In the event ASIC does not accept the above initiatives to remedy Trustees Australia's breach, the AFSL authorisations for acting as a Responsibility Entity for Managed Investment Schemes may need to be cancelled.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The group's focus since the completion of the Jimmy Crow Demerger and the Cashwerkz Acquisition has been on developing and implementing the business strategy of the combined, simplified structure and operations of Rim Securities and Cashwerkz within Trustees Australia as described in the section on principle activities, concentrating efforts towards rapidly expanding the implementation of the Cashwerkz platform take-up by holders of term deposits with ADIs. During the next year, the group is intending to further expand the business activities centered around the Cashwerkz platform and its application in the term deposit market throughout Australia.

At the same time the board and CEO are investigating the application of the Cashwerkz platform in other jurisdictions such as New Zealand, Singapore and Hong Kong.

Interest in the Cashwerkz platform has also been received from other substantial organisations with significant existing customer bases, that are not currently directly exposed to term deposits, although are investigating ways in which the platform can be utilised for similar purposes to reduce paperwork and provide an efficient solution to customer identity requirements in financial services related activities.

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	Appointed / (Retired)
Michael Hackett	Chairman	25 July 1986
Nathan Leman	Director	24 November 2010
Brook Adcock	Director	17 August 2017
John Nantes	Director	17 August 2017
Kerry Daly	Director	17 August 2017 (Retired)

DIRECTORS

Michael Hackett	**Chairman**
Qualifications	Bachelor of Commerce - University of Queensland ACA Financial Planning Specialist
Directorships held in other listed entities in the past 3 years	Australian Dairy Farms Limited – director from May 2009 to current Jimmy Crow Limited - director from June 1988 to current
Interest in Trustees Australia shares & options	Michael Hackett has a relevant interest in 18,099,178 shares in Trustees Australia at 30 June 2018.

Michael was the founding chairman and managing director when the company was incorporated in 1986 and was reappointed chairman in November 2010. Michael is an associate of one 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.

Kerry Daly	**Director**
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 – director from October 2009 to current Axsesstoday Limited - director from October 2016 to current Jimmy Crow Limited – director from August 2017 to current
Interest in Trustees Australia shares & options	Kerry Daly has a relevant interest in 460,200 shares in Trustees Australia at 30 June 2018.

Kerry was appointed as a director on 17 March 2009 and retired on 17 August 2017. 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.

Nathan Leman	**Director**
Qualifications	Commercial Builder and Project Manager
Directorships held in other listed entities in the past 3 years	Jimmy Crow Limited - director from November 2010 to current
Interest in Trustees Australia shares & options	Nathan Leman has a relevant interest in 2,878,880 shares in Trustees Australia at 30 June 2018.

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 Trustees Australia's investment in the ADFG's dairy farms.

DIRECTORS (cont'd)

Brook Adcock	Director
Qualifications	Strategic Financial Management Program Financial Modelling and Valuation for small, medium and fast growing companies AICD Company Directors Course 145 Pilots Course, CT4 and Macchi aircraft training Diploma of Air Force Studies Bachelor of Science
Directorships held in other listed entities in the past 3 years	Nil
Interest in Trustees Australia shares & options	Brook Adcock has a relevant interest in 39,696,339 shares in Trustees Australia at 30 June 2018.
Brook has already had several successful careers and brings with him a vast array of knowledge and experience. He graduated from The Australian Defence Force Academy in 1986, was a RAAF Pilot until 1996, a Qantas Pilot until 2008, founded Pandora Jewellery Australia in 2004, and his own successful Private Investment Company in 2009. His leadership, knowledge of technology, forward thinking, and administrative skills have positioned him at the vanguard of the current technology wave in Australia.	

John Nantes	Director
Qualifications	Bachelor Law – Deakin University Bachelor Commerce – The University of Melbourne Bachelor of Arts – The University of Melbourne Diploma of Financial Planning – Deakin University Financial (tax) Adviser Member NTAA Member FPA
Directorships held in other listed entities in the past 3 years	Nil
Interest in Trustees Australia shares & options	John Nantes has a relevant interest in 4,499,496 shares in Trustees Australia at 30 June 2018.
John holds three bachelor degrees in Law, Commerce and Arts, as well as a Diploma of Financial Planning, and has over 20 years' experience in the financial services industry. He managed Australia's largest SMSF business at Crowe Horwath with 10,000+ accounts and has directed businesses with assets of over $10 billion. He is now the responsible manager for Cashwerkz.	

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 2018.
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.

MEETINGS OF DIRECTORS (cont'd)

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
Brook Adcock	6	6
John Nantes	6	6

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 relation to the Jimmy Crow Limited IPO and Prospectus totalling $16,000 (2017: $6,000).

PROCEEDINGS ON BEHALF OF THE COMPANY

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

ENVIRONMENTAL REGULATION

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

DIVIDENDS

No dividends have been paid or declared during or since the end of the year (2017: nil)

OPTIONS

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

EVENTS AFTER BALANCE DATE

On the 3 August 2018 Trustees Australia Limited (the company) received correspondence from the Australian Securities and Investments Commission (ASIC) that it was to notify ASIC by the 10th August whether the company would proceed with a restructure of the groups Australia Financial Services Licence's ("AFSL") or ASIC would proceed with regulatory action and either suspend or cancel the company's licence.

On 10 August 2018 the company advised ASIC in writing of its intention to proceed with the restructure of its AFSL's in an effort to rectify the company's Net Tangible Asset breach of it's financial services requirement. The company has subsequent to this provided further information to ASIC to support the steps it is undertaking to rectify the breach and an application to vary the Redgate Asset Management AFSL was lodged with ASIC on 29 August 2018.

At the date of this report the matter remains unresolved, however the financial implications of the application not being approved are not material.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018 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 chairman, 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 2018 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 2017 comparative year the board approved 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.

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.

REMUNERATION REPORT (AUDITED) (cont'd)

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	Chairman	N/A	-	-	-	100	100
K Daly	Director	N/A	-	-	-	100	100
N Leman	Director	N/A	-	-	-	100	100
B Adcock	Director	N/A	-	-	-	100	100
J Nantes	Director	3 months notice	-	-	-	100	100
Executives							
E Hackett	Operations Manager	N/A	-	-	-	100	100
H Ortiz	CEO	3 months notice	-	-	-	100	100

For senior executives of Rim Securities and Cashwerkz, employment conditions are formalised in contracts of employment.

E. Remuneration details for the year ended 30 June 2018

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	
2018	$	$	$	$	$	$	$
M Hackett	150,000	-	14,250	5,834	-	-	170,084
K Daly	6,452	-	613	-	-	-	7,065
N Leman[1]	26,460	-	-	-	-	-	26,460
B Adcock	-	-	-	-	-	-	-
J Nantes[2]	171,919	-	-	-	-	-	171,919
H Ortiz	250,000	-	23,750	4,771	-	-	278,521
E Hackett	13,085	-	1,243	2,276	-	-	16,604
Total	**617,916**	**-**	**39,856**	**12,881**	**-**	**-**	**670,653**

[1.] This amount is paid in accordance with a contract arrangement with Mikko Constructions Pty Ltd, an entity associated with Nathan Leman. Refer to Note 17: Key Management Personnel (KMP) Interests.

[2.] This amount is paid in accordance with a contract arrangement with Nantes Business Advisory Pty Ltd, an entity associated with John Nantes. Refer to Note 17: Key Management Personnel (KMP) Interests.

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

During the 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 2017

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**

* This amount is paid in accordance with a contract arrangement with Mikko Constructions Pty Ltd, an entity associated with Nathan Leman. Refer to Note 17: Key Management Personnel (KMP) Interests.

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 2018	Balance at 01/07/2017	Granted as remuneration	Net change other	Purchased / (sold)	Balance at 30/06/2018
Michael Hackett	15,739,203		1,300,000	1,059,975	18,099,178
Kerry Daly	460,200	-	(460,200)[1]	-	-
Nathan Leman	2,878,880	-	-	-	2,878,880
Brook Adcock	-	-	38,231,643	1,464,696	39,696,339
John Nantes	-	-	4,138,766	360,730	4,499,496
Hector Ortiz	-	-	-	-	-
Elizabeth Hackett	1,877,962	-	(1,877,962)[2]	-	-
Total	**20,956,245**	**-**	**41,332,247**	**2,885,401**	**65,173,893**

[1] Kerry Daly retired as a director on the 17 August 2017 on the demerger of Jimmy Crow.
[2] Elizabeth Hackett retired as operations manager on the 17 August 2017 on the demerger of Jimmy Crow.

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**

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

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

2018	Opening balance	Closing balance	Interest charged	Interest not charged	Provision for impairment	Loans advanced / (repaid)
Amounts Payable to:						
Jabane Pty Ltd	417,039	-	3,213	-	-	(420,252)
Fiduciary Nominees Pty Ltd	268,409	-	1,715	-	-	(270,124)
	685,448	**-**	**4,928**	**-**	**-**	**(690,376)**

At 30 June 2017, the group had short-term unsecured loan facilities of $685,448 with related entities of Michael Hackett, a director of the group. The facility was charged interest at 2% above the CBA loan facility rate and was repaid as part of the Jimmy Crow Demerger and group restructure.

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**

J. KMP Contracts for Services

Other than as disclosed in Employment details of members of key management personnel (KMP) and other executives (refer point D), 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 and are outlined below:

(i) Nathan Leman is a director of Mikko Constructions Pty Ltd (Mikko). Mikko undertakes project management and IT establishment work for the group on a cost recovery basis. During the 2018 year, $26,460 (2017: $186,000) was paid by the group to Mikko. At 30 June 2018 the group owed Mikko $1,705 (2017: $nil).

(ii) John Nantes is a director of Nantes Business Advisory Pty Ltd (NBA), who undertakes responsible manager and consulting services work for the group. During the 2018 year, $171,919 (2017: $nil) was paid by the group to NBA and at 30 June 2018 the group owed NBA $16,500 (2017: $nil).

(iii) Michael Hackett is a director of Jimmy Crow Limited (Jimmy Crow), who utilise the services of the Trustees Australia administration team on a cost recovery basis. During the 2018 year, $57,496 (2017: $nil) was charged by the group to Jimmy Crow and at 30 June 2018 Jimmy Crow owed the group $57,496 (2017: $nil).

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
Chairman

Brisbane

31 August 2018

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 2018. 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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

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

ii. 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 year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson

AM Robertson
Director

Date: 31 August 2018

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
Continuing operations	**Notes**	**$**	**$**
Financial services revenue	3(a)	836,058	1,336,040
Other income	3(b)	3,003,329	-
Business operating expenses		(798,277)	(202,879)
Employment expenses	3(d)(ii)	(2,523,174)	(792,877)
Finance costs	3(d)(i)	(222,166)	(17,200)
Depreciation and amortistion expense		(1,181,392)	(253,785)
Property operating expenses		(292,251)	-
Other expenses		(939,047)	(323,282)
Loss before income tax		**(2,116,920)**	**(253,983)**
Income tax benefit /(expense)	4	-	-
Loss from continuing operations		**(2,116,920)**	**(253,983)**
Discontinued operations			
Profit / (loss) from discontinued operations after tax	5	526,094	(1,603,198)
Net loss for the year		**(1,590,826)**	**(1,857,181)**
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		(1,935)	(190,302)
Items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the period, net of tax		**(1,935)**	**(190,302)**
Total comprehensive loss for the period, net of tax		**(1,592,761)**	**(2,047,483)**
Loss attributable to:			
Members of the parent entity		(1,590,826)	(1,857,181)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,592,761)	(2,047,483)
Earnings per share:	21	**Cents**	**Cents**
From continuing and discontinued operations			
Basic earnings per share		(2.9)	(0.7)
Diluted earnings per share		(2.9)	(0.7)
From continuing operations			
Basic earnings per share		(3.6)	4.1
Diluted earnings per share		(3.6)	4.1
From discontinued operations			
Basic earnings per share		0.7	(4.8)
Diluted earnings per share		0.7	(4.8)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
Current Assets			
Cash and cash equivalents	6	401,734	545,310
Trade and other receivables	7	363,451	264,741
Assets held for distribution	5(b)	-	8,114,812
Other current assets	8	262,428	88,307
Total Current Assets		**1,027,613**	**9,013,170**
Non-Current Assets			
Intangibles	9	10,158,894	819,615
Property, plant & equipment	10	207,458	10,509
Total Non-Current Assets		**10,366,352**	**830,124**
Total Assets		**11,393,965**	**9,843,294**
Current Liabilities			
Trade and other payables	11	512,099	286,229
Borrowings	12	4,003,239	-
Provisions	13	189,205	52,446
Liabilities associated with assets held for sale	5(b)	-	2,507,374
Total Current Liabilities		**4,704,543**	**2,846,049**
Non-Current Liabilities			
Provisions	13	11,847	-
Total Non-Current Liabilities		**11,847**	**-**
Total Liabilities		**4,716,390**	**2,846,049**
Net Assets		**6,677,575**	**6,997,245**
Equity			
Issued capital	14	12,158,304	4,058,525
Reserves	15	-	6,963
Retained earnings		(5,480,729)	2,931,757
Total Equity		**6,677,575**	**6,997,245**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts from customers		849,570	4,081,284
Payments to suppliers and employees		(4,341,012)	(4,931,339)
Trust distributions		-	566,455
Interest received		9,485	6,710
Finance costs		(12,463)	(23,394)
Net operating cash flows	6(b)	**(3,494,420)**	**(300,284)**
Cash Flows from Investing Activities			
Payment for property, plant & equipment	10	(252,672)	(105,982)
Payment for intangible assets - software	9	(79,941)	(102,533)
Proceeds from sale of property, plant & equipment	10	-	1,772
Cash on demerger of Jimmy Crow	5	(274,667)	-
Cash on acquisition of Cashwerkz	18(iii)	6,388	-
Net investing cash flows		**(600,892)**	**(206,743)**
Cash Flows from Financing Activities			
Proceeds from issues of shares	14	650,000	-
Proceeds from issue of convertible preference shares		3,793,001	-
Net loans to related parties		(548,529)	-
Proceeds from related party		-	660,000
Net proceeds of other borrowings		-	(47,368)
Net financing cash flows		**3,894,472**	**612,632**
Net increase / (decrease) in cash held		**(200,840)**	**105,605**
Cash at the beginning of the period		602,574	496,969
Cash at the end of the financial period	6(a)	**401,734**	**602,574**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Common Control	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2017	**4,058,525**	**6,963**	**-**	**2,931,757**	**6,997,245**
Comprehensive Income for the year		-			
Loss attributable to members of parent entity	-	-		(1,590,826)	(1,590,826)
Other comprehensive loss from discontinued operations	-	(1,935)		-	(1,935)
Total comprehensive loss for the year	**-**	**(1,935)**		**(1,590,826)**	**(1,592,761)**
Transactions with owners, in their capacity as owners, and other transfers					
Share issue - director placements	650,000	-	-	-	650,000
Share issue - acquisition of Cashwerkz	7,449,779	-	-	-	7,449,779
Total transactions with owners and other transfers	**8,099,779**	**-**	**-**	**-**	**8,099,779**
Other					
Common control reserve recognised on Jimmy Crow demerger (refer Note 5)	-	(5,028)	(6,721,110)	-	(6,726,138)
Derecognition of investments in subsidiaries on demerger	-	-	(100,550)	-	(100,550)
Transfer (to)/ from retained earnings	-	-	6,821,660	(6,821,660)	-
Total other	**-**	**(5,028)**	**-**	**(6,821,660)**	**(6,826,688)**
		-			
Balance at 30 June 2018	**12,158,304**	**-**	**-**	**(5,480,729)**	**6,677,575**

	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**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2018

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, the *Corporations Act 2001* and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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. Going Concern

Future Funding and Capital Raising

The consolidated financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The group incurred a loss, excluding other income, for the period attributable to members of $4,594,155 for the year ended 30 June 2018 (2017: $1,857,181). Furthermore the group has a working capital deficiency of $3,676,930 and a net tangible asset deficiency of $3,481,319 as at 30 June 2018 (2017: $6,177,630 surplus).

At the date of this financial report the directors are continuing to investigate alternative funding arrangements, which include the following but is not necessarily limited to:

- Conversion of the Convertible Redeemable Preference Shares (CRPS) which are currently recorded as current debt in their entirety. This will have the immediate effect of eliminating the working capital and NTA deficiency. The holders of the CRPS have given notice to convert the CRPS to ordinary shares, however this will require shareholder approval at the AGM, reasonably expected to occur in October 2018. In the unlikely event that shareholder approval for the conversion is not obtained, a material uncertainty will arise that casts significant doubt as to whether the group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business; and
- Investor placement with the possibility to raise up to $10 million.

The directors are confident that the group will be successful with these fund raising initiatives and, as a result, will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the consolidated financial report.

The ability of the group to continue to pay its debts as and when they fall due and payable is dependent upon obtaining additional funding support. In the event that the group does not achieve the above outcomes, there exists a material uncertainty that casts significant doubt as to whether the group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business. The consolidated financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not be able to continue as a going concern.

Breach of AFSL Conditions

As previously reported in the group's interim financial report, since the demerger of the Jimmy Crow Group, Trustees Australia Limited (Trustees Australia) has been in breach of the financial requirements of its Australian Financial Services Licence (AFSL) in respect of the calculation of Net Tangible Assets (NTA).Trustees Australia has remained in breach of its AFSL financial requirements throughout the period and continues to do so at the date of this report.

The directors have been regularly liaising with the Australian Securities and Investments Commission (ASIC) in order to remedy the breach. Actions taken by the group include reducing the number and size of Funds under the Responsibility Entity's management to reduce the level of NTA required to be held; implementing a restructure of the group's three existing AFSL's which includes revised financial service offerings, together with intention to convert the Convertible Redeemable Preference Shares (CRPS) as discussed above and additional capital raising. The directors are confident of obtaining ASIC approval for a new AFSL incorporating the three existing AFSL's held by Trustees Australia, Redgate Asset Management Limited (Redgate) and Rim Securities Limited. The application to vary the terms of the Redgate AFSL to include all authorisations of the other AFSLs not already included in the Redgate AFSL. Redgate will also remain as a subsidiary entity in the consolidated entity and will therefore not have any material liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Going Concern (cont'd)

Furthermore the directors are satisfied the proposed funding measures will provide sufficient liquidity to the group to remedy the breach and provide sufficient resources in order to fund both the group and facilitate the continued development of Cashwerkz capability.

In the event ASIC does not accept the above initiatives to remedy Trustees Australia's breach, the AFSL authorisations for acting as a Responsibility Entity for Managed Investment Schemes may need to be cancelled.

B. 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 18 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.

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

Common control business combinations

Business combinations involving entities or businesses under common control are outside the scope of AASB 3: Business Combinations. A common control transaction took place on 17 August 2017 as part of the demerger of Jimmy Crow from Trustees Australia and has been accounted for using predecessor accounting, without the recognition of additional goodwill. The common control reserve represents the net assets acquired. Balances in the common control reserve relating to demerged entities and demerged assets and liabilities have been transferred to retained earnings

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.

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.

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

B. Principles of Consolidation (cont'd)

Goodwill

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.

C. 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.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from (a) the initial recognition of goodwill, or (b) the initial recognition of an asset or liability in a transaction which, (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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.

Tax consolidation

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.

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

D. 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.

E. Land held 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.

F. 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 depreciation and nay accumulated impairment. In the event the carrying amount of plant and equipment is greater 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 impairment 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.

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

F. Property, Plant and Equipment (cont'd)

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.

G. 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.

H. Assets held for distribution

Disposal groups classified as held for distribution are a component of the group being part of a single coordinated plan to demerge the Jimmy Crow group of entities from Trustees Australia in accordance with the Notice of Meeting dated 30 June 2017. The transactions associated with the demerger occurred while under the control of Trustees Australia and have been accounted for as transactions between entities under common control. Predecessor accounting has been applied whereby, assets and liabilities have not been remeasured to fair value nor has any goodwill or impairment on disposal arisen. Rather, the respective demerger entities have elected to account for business combinations under common control at carrying values in their respective financial statements.

Accordingly, all assets and liabilities disposed by the group as a result of the demerger have been recognised at values consistent with their carrying values in the financial statements immediately prior to the demerger.

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

I. 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.

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.

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

J. Financial Instruments (cont'd)

Compound Financial Instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instruments using the effective interest method.

During the year the group has issued convertible redeemable preference shares that have been designated as financial liabilities in their entirety, refer Note 12.

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.

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. At the end of each reporting period the Group assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

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

J. 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.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity 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. Intangible assets other than goodwill

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The amortisation method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Capitalisation of platform development costs

Research costs and costs associated with maintaining software programmes are expensed in the period in which they are incurred. Development costs and software costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Trustees Australia are recognised as intangible assets and amortised from the point which the asset is ready for use when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

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

J. Intangible assets other than goodwill (cont'd)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised platform costs are amortised on a straight line basis over the period of their expected benefit to the group being 10 years.

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.

K. 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.

L. 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.

M. 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.

N. 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.

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

N. Revenue and Other Income (cont'd)

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).

O. 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.

P. 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.

Q. 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(L) for further discussion on the determination of impairment losses.

R. 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.

S. 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 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, to the directors' knowledge the assets of the trust's are sufficient to meet their 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.

T. 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.

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

T. Critical Accounting Estimates and Judgments (cont'd)

Key Estimates

(i) Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less costs to sell and value-in-use calculations which incorporate various key assumptions.

(ii) Property Valuations

The directors make assessments of land and buildings and property valuations on the basis outlined in Note 1 (F) & (G).

(iii) Accounting for the demerger of Jimmy Crow from Trustees Australia

The demerger of Jimmy Crow from Trustees Australia was a significant event and prior to the demerger, required a complex restructure to separate and align the relevant businesses, assets and liabilities within the respective entities.

Trustees Australia has elected to account for the demerger of entities, assets and liabilities under common control at the carrying value recorded in Trustees Australia's financial statements at the date of the demerger.

Accounting for demergers are initially accounted for on a provisional basis. The controlling entity retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the demerger date. The measurement period ends on either the earlier of:

i. 12 months from the date of the demerger or

ii. when the controlling entity receives all the information possible to determine the appropriate carrying value of the entities being carved out from the Group.

(iv) Goodwill and Software

The group makes assessments of goodwill and software based on recoverable amount calculations. Refer note 9(a) for further calculation details including growth rates, discount rates and sensitivity.

Key Judgements

(i) Future Tax benefit of Tax Losses

At 30 June 2018, 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.

U. 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 January 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.

The directors are in the process of completing an impact assessment on the adoption of AASB 9. Based on the preliminary assessment performed, the effects of AASB 9 are not expected to have a material impact on the group.

- 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).

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the group.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

U. New Accounting Standards for application in future periods (cont'd)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

The directors are in the process of completing an impact assessment on the adoption of AASB 15. Based on the preliminary assessment performed, the effects of AASB 15 are not expected to have a material impact on the group.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 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 main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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 assessing the adoption of AASB 16, it is however impracticable at this stage to provide a reasonable estimate of such impact as the directors consider potential future reorganisation events within the Group to further consolidate operational synergies.

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.

	2018 $	2017 $
Statement of Financial Position		
Assets		
Current assets	461,906	1,140,053
Non-current assets	8,445,730	5,747,449
Total assets	**8,907,636**	**6,887,502**
Liabilities		
Current liabilities	4,162,986	825,921
Non-current liabilities	2,844	-
Total liabilities	**4,165,830**	**825,921**
Equity		
Issued capital	12,158,304	4,058,525
Retained earnings	(7,416,498)	2,003,056
Total Equity	**4,741,806**	**6,061,581**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(4,094,350)	(2,408,242)
Total comprehensive loss	(4,094,350)	(2,408,242)

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 RedGate Asset Management Limited. At 30 June 2018 the financial support totalled $2,300. No liability is expected to arise in respect of these guarantees.

At 30 June 2017 the financial support totalled $25,000 to Rim Securities Limited.

Other contingent matters of the company, or the group, are mentioned in Note 16.

Contractual commitments

At 30 June 2018, the parent company had not entered into any contractual commitments (2017: $nil).

NOTE 3: REVENUE AND EXPENSES

	2018	2017
(a) Revenue from continuing operations		
Revenue	**$**	**$**
Financial services income	826,573	1,293,591
Other revenue		
Interest received - other persons	9,485	42,449
Total revenue from continuing operations	**836,058**	**1,336,040**
(b) Other Income		
Write-back of impairment expense	151,943	-
Gain on bargin purchase	2,851,386	-
	3,003,329	**-**
(c) Total revenue and income		
(i) Total revenue and other income from continuing operations attributable to members of the entity	3,839,387	1,336,040
(ii) Total revenue and other income from discontinued operations attributable to members of the entity	1,289,265	2,570,488
(iii) Total revenue and other income from continuing and discontinued operations attributable to members of the entity	5,128,652	3,906,528
(d) Expenses from continuing operations		
(i) Finance costs		
Bank loans and overdrafts	1,309	12,672
Preference shares	210,239	-
Finance charges payable under finance leases	5,690	4,528
Interest paid - related party	4,928	-
	222,166	**17,200**
(ii) Employee benefits expense		
Wages and salaries costs	2,246,791	715,386
Superannuation	217,103	62,492
Employee benefits provisions	59,280	14,999
	2,523,174	**792,877**
(iii) Other significant items		
Rental expense on operating leases	255,821	53,231

NOTE 4: INCOME TAX EXPENSE

	2018	2017
	$	$
(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% (2017: 27.5%):	(437,477)	(510,725)
Add /(less)		
Tax effect of:		
- current period tax losses not recognised	988,214	273,963
- net amount of temporary differences	(10,879)	236,762
- net amount of non-temporary differences	(539,858)	-
- capital distributions received	-	104,098
- prior year capital losses utilised	-	(104,098)
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: Statement of Significant Accounting Policies occur.

	2018	2017
Temporary differences	(49,245)	(38,367)
Tax losses	3,527,398	2,539,184
Capital losses	501,988	501,988
Net unbooked deferred tax assets	**3,980,141**	**3,003,435**

The group has unconfirmed revenue losses of $12,826,900 (2017: $9,233,396) and capital losses of $1,825,410 (2017: $1,825,410).

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

	2018			2017		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	$	$	$	$	$	$
Financial assets revaluation	(1,935)	-	(1,935)	(190,302)	-	(190,302)
	(1,935)	**-**	**(1,935)**	**(190,302)**	**-**	**(190,302)**

NOTE 5: DISCONTINUED OPERATIONS

The demerger of Jimmy Crow Limited (Jimmy Crow) from Trustees Australia Limited (Trustees Australia) became effective 17 August 2017 and Jimmy Crow was listed as a separate standalone entity on the National Stock Exchange on 11 September 2017.

The demerger required Trustees Australia to undertake an internal corporate restructure prior to it becoming effective, and resulted in several entities becoming subsidiaries of Jimmy Crow prior to the demerger. In addition, a number of assets and liabilities were transferred between Trustees Australia and Jimmy Crow.

Trustees Australia's statutory financial information for June 2018 and June 2017 presents its performance in compliance with statutory reporting obligations, such that the results of the entity acquired during the demerger is only included from the date of acquisition. In addition, Trustees Australia's statutory financial results for 30 June 2018 reflect changes in operating and corporate costs associated with the Jimmy Crow demerger.

Common Control Transactions on Demerger

As part of the Jimmy Crow demerger, certain legal entities were acquired or disposed by Trustees Australia, as described in Note 18: Controlled Entities. Also, as part of the demerger of Jimmy Crow certain assets and liabilities were acquired or disposed by Trustees Australia. These transactions occurred while under the control of Trustees Australia and for consolidation purposes have been accounted for as transactions between entities under common control. Acquisition accounting was not applied, assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. Rather, Trustees Australia has elected to account for business combinations under common control at carrying value in Trustees Australia financial statements. Accordingly, all assets and liabilities disposed to Jimmy Crow as a result of the demerger have been recognised at values consistent with their carrying values in Trustees Australia financial statements immediately prior to the demerger.

The common control reserve within equity represents net assets transferred intra-group under common control prior to the demerger as below:

	$
Fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	(274,667)
Trade and other receivables	(1,520,699)
Other current assets	(233,400)
Inventories	(862,844)
Other financial assets	(1,904,339)
Intangibles	51,827
Property, plant and equipment	(4,879,572)
Trade and other payables	1,889,367
Borrowings	287,352
Provisions	725,865
Net identifiable assets acquired and liabilities assumed	**(6,721,110)**
Common control reserve recognised	**6,721,110**

(a) Results contributed by the acquired entity since acquisition date:	
Revenue	-
Loss before income tax	(6,179)
If the acquisition had occured on 1 July 2017, the results contributed by the entity acquired would have been:	
Revenue	-
Loss before income tax	(6,179)

	2018 $	2017 $
Results contributed by the disposed entities up to disposal date:		
Revenue	1,289,165*	2,570,488
Profit/ (loss) before income tax	526,094	(1,603,198)

*Included in revenue is an insurance recovery of $923,635.

In accordance with relevant accounting standards and Generally Accepted Accounting Principles, the completion of the provisional accounting of the demerger of Jimmy Crow resulted in measurement period adjustments related to matters concerned where the facts and circumstances existing at the demerger date did not materialise until after the release of the Groups interim financial report. If the matters had been known at the time, the information would have affected the demerger accounting.

NOTE 5: DISCONTINUED OPERATIONS (cont'd)

As a result, the current annual financial report has disclosed a revision to the demerger accounting previously disclosed in the groups interim financial report for the following account balances.

i. Some of the provisional balances reported in Note 5 on account of the Common control transactions were revised based on information to materialise after publishing the Groups interim financial report.

ii. The only impact of this was to affect the amounts reported on account of the Common Control Reserve and Derecognition of investments in subsidiaries on demerger as reported in the Statement of Changes in Equity.

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

In accordance with *AASB 5: Non-current Assets Held for Sale and Discontinued Operations,* the group 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 at 30 June 2017.

Following is a detailed breakdown

	Notes	2018	2017
		$	$
Current Assets			
Cash and cash equivalents	6(a)	-	57,264
Trade and other receivables	7	-	458,097
Inventories	5(c)	-	2,943
Other current assets	8	-	115,072
Total Current Assets		**-**	**633,376**
Non-Current Assets			
Inventories	5(c)	-	860,000
Other financial assets	5(d)	-	1,756,581
Property, plant & equipment	10	-	4,864,855
Total Non-Current Assets		**-**	**7,481,436**
Total Assets		**-**	**8,114,812**
Current Liabilities			
Trade and other payables	11	-	516,734
Borrowings	12	-	685,448
Provisions	13	-	107,456
Total Current Liabilities		**-**	**1,309,638**
Non-Current Liabilities			
Trade and other payables	11	-	594,472
Provisions	13	-	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.

NOTE 5: DISCONTINUED OPERATIONS (cont'd)

(c) Inventories

	2018 $	2017 $
Current		
Stock in trade at cost	-	2,943
Total current inventories	**-**	**2,943**
Non-Current		
Development property at lower of cost and NRV	-	860,000
Total non-current inventories	**-**	**860,000**
Total inventories	**-**	**862,943**

(d) Other financial assets

	2018 $	2017 $
Non-current		
Available-for-sale financial assets	-	1,756,581
Total financial assets	**-**	**1,756,581**

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

Listed investments, at fair value		
- shares in listed corporations	**-**	**1,756,581**

(e) 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

	2018 $	2017 $
Cash at bank and in hand	55,860	26,620
Short-term deposit	345,874	518,690
	401,734	**545,310**

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% (2017: 1.25%). These deposits are at call.

The fair value of cash, cash equivalents and overdrafts is $401,734 (2017: $602,574).

(a) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2018:

	Note	2018 $	2017 $
Cash at bank and in hand		55,860	26,620
Short-term deposit		345,874	518,690
Cash at bank contained in discontinued operations	5(b)	-	57,264
	14(d),22	**401,734**	**602,574**

A floating charge over cash and cash equivalents was provided to the CBA as part of security arrangements for facilities in the 2017 comparative. For further details refer to Note 12(b): Borrowings.

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

	2018 $	2017 $
Net loss after income tax	(1,590,826)	(1,857,181)
Adjustment of non cash items		
Amortisation and depreciation	1,181,392	253,785
Bad debts	-	1,149
Loss on sale of assets	-	41,933
Movement in equity accounted investment	-	558,912
Interest received - convertible notes	-	(36,015)
Finance costs - related party	-	25,448
Impairment of financial assets	-	819,476
Bargin purchase	(2,851,386)	-
Capitalised borrowing cost	210,239	-
Impairment of assets written back	(151,943)	-
Changes in assets and liabilities, net of the effects of movements in subsidiaries		
(Increase) / decrease in receivables and other current assets	(1,405,992)	(50,350)
(Increase) / decrease in inventories	99	2,336
Increase / (decrease) in trade creditors	1,037,217	(116,814)
Increase / (decrease) in provisions	76,780	57,037
Net operating cash flows	**(3,494,420)**	**(300,284)**

(c) Changes in liabilities arising from financing activities

	01.07.2017 $	Cash flow		Non-cash				30.06.2018 $
	Opening balance	Proceeds recevied from issue of preference shares	Repayment of borrowings	Capitalised borrowing costs	Acquisition of Cashwerkz	Loss of subsidiary Jimmy Crow	Other	Closing balance
Proceeds from issue of preference shares	-	3,793,001	-	210,238	-	-	-	4,003,239
Related party borrowings	685,448	-	(548,529)	-	100,000	(287,352)	50,433	-
Total	**685,448**	**3,793,001**	**(548,529)**	**210,238**	**100,000**	**(287,352)**	**50,433**	**4,003,239**

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	2018	2017
		$	$
Continuing Operations			
Trade debtors		125,313	264,741
Other receivables		238,138	-
Total current receivables		**363,451**	**264,741**
Discontinued Operations			
Trade and other receivables		-	458,097
Financial Assets classified as loans and receivables			
Trade and other receivables			
-Total current		363,451	722,838
Finanical Assets	22	**363,451**	**722,838**

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

(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

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	
2018	**$**	**$**	**$**	**$**	**$**	**$**
Trade and term receivables	125,313	-	4,751	570	2,140	117,852
Other receivables	238,138	-	-	-	-	238,138
Total	**363,451**	**-**	**4,751**	**570**	**2,140**	**355,990**

	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**	**719,211**

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

NOTE 8: OTHER ASSETS

	Note	2018 $	2017 $
Continuing operations			
Prepayments		101,175	60,752
Bonds and deposits	22	161,253	27,555
Total other assets		**262,428**	**88,307**
Discontinued operations			
Prepayments		-	15,072
Bonds and deposits	22	-	100,000
Total other assets	5(b)	**-**	**115,072**

NOTE 9 INTANGIBLE ASSETS

	2018 $	2017 $
Goodwill - at cost	226,316	226,316
	226,316	**226,316**
Software - at cost	11,308,022	874,780
less accumulated amortisation	(1,384,120)	(282,270)
	9,923,902	**592,510**
Trademarks and patent - at cost	8,937	873
less accumulated amortisation	(261)	(84)
	8,676	**789**
Total intangibles	**10,158,894**	**819,615**

	Note	Goodwill $	Software $	Trademarks $	Total $
Balance at 1 July 2017		226,316	592,510	789	819,615
Additions		-	71,878	8,063	79,941
Amortisation charge		-	(1,101,850)	(176)	(1,102,026)
Acquired on acquisition of Cashwerkz[1]		-	10,361,364	-	10,361,364
Balance at 30 June 2018	(a)	**226,316**	**9,923,902**	**8,676**	**10,158,894**

[1.] Included in intangibles are the Cashwerkz assets acquired on 17 August 2017, Refer Note 18(iii)

	Note	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**

(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 2018.

Goodwill relates to the subsidiary Rim Securities cash generating unit and software intangibles relate to the cash generating units of Rim Securities and Cashwerkz.

NOTE 9: INTANGIBLE ASSETS (cont'd)

KEY ASSUMPTIONS USED FOR RIM SECURITIES CASH GENERATING UNIT

Directors have assessed the carrying value of the Rim Securities intangibles to be not less than their recoverable value, by estimating the cash generating unit fair value less costs to sell. As part of the Cashwerkz acquisition, the Independent Expert Report prepared by PKF determined a revenue multiple of 1.5 was appropriate for Rim Securities and directors have considered this and other factors since the Independent Experts Report and believe this still remains appropriate and conservative.

KEY ASSUMPTIONS USED FOR CASHWERKZ CASH GENERATING UNIT

Value-in-Use

The impairment test for the Cashwerkz cash generating unit is based on 'value-in-use' calculations, applying 5-year discounted cash flow projections that have been approved by the board. The assumptions on current business are consistent with past performance and are combined with expectations of future market activity. The projections also include a terminal growth rate of 1.9% beyond the 5-year period and costs are estimated to grow at 2%.

Growth and Discount Rates

Growth and discount rate key assumptions used in the value in use calculation include:

- Revenue has been calculated over the 5 years on the CGU being able to access total cash funds under management with Custodians, Licensee & Dealer groups along with other Independent platforms, Investor and Self Managed Super Funds of approximately $7.83 billion;
- Year 1 total revenue is projected to be $2.07m, increasing to $6.05m in year 2 and growing steadily by 5% per annum each year succeeding this;
- Expenditure has been budgeted to increase in accordance with CPI, approximately 2.1% per annum; and
- Discount rates reflect pre-tax rates and incorporate risk premiums associated with the nature of the group and its industry, the discount rate used is 16.67%.

The value in use calculation key assumptions are made using AASB 136 Impairment of Assets and vary from the fair value key assumptions made under AASB 3 Business Combinations on acquisition of Cashwerkz (refer Note 18(iii)). The material variances are the move from an 8 year to 5 year DCF and a reduction in the discount rate to better reflect the current position and future prospects of Cashwerkz.

Impairment

No impairment for the 2018 financial year has been recorded for intangible assets in the Cashwerkz cash generating unit.

The key assumptions in the impairment analysis are revenue growth and the discount rates used in the calculations. Sensitivity analysis indicated that if revenue growth was reduced or expenditure increased by 10% of that used in the calculations, the recoverable value would still exceed carrying value and if there was a 5% increase in the discount rate, the recoverable value would still be exceeded.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	$	$
Plant and equipment owned		
- at cost	131,938	17,307
less accumulated depreciation	(99,076)	(6,798)
Total plant and equipment, net	**32,864**	**10,509**
Leasehold improvements		
- at cost	255,980	-
Less accumulated amortisation	(81,386)	-
Total Leasehold improvements, net	**174,594**	**-**
Total property, plant and equipment, net	**207,458**	**10,509**

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:

		Plant & equipment	Leasehold	Total
30 June 2018	**Note**	**$**	**$**	**$**
Balance at the beginning of the financial year		10,509	-	10,509
Additions		46,541	206,131	252,672
Acquired on acquisition of Cashwerkz	(a)	14,058	24,301	38,359
Disposals		(14,716)	-	(14,716)
Depreciation expense		(23,528)	(55,838)	(79,366)
Balance at end of financial year		**32,864**	**174,594**	**207,458**

(a) Included in plant and equipment are the Cashwerkz assets acquired on 17 August 2017. Refer Note 18(a)(iii).

		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[1]	5(b)	(1,914,000)	(2,717,938)	(232,917)	-	**(4,864,855)**
Balance at end of the financial year		**-**	**-**	**10,509**	**-**	**10,509**

[1.] 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.

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2018 $	2017 $
Continuing operations			
Current - unsecured			
Trade creditors		193,350	286,229
Sundry creditors and accrued expenses		318,749	-
Total current payables		**512,099**	**286,229**
Discontinued operations			
Trade and other payables - current	5(b)	-	516,734
Trade and other payables - non-current	5(b)	-	594,472
Total current payables		**-**	**1,111,206**
Financial liabilities at amortised cost classified as trade and other payables	22	**512 099**	**1,397,435**

NOTE 12 BORROWINGS

	Note	2018 $	2017 $
Continuing operations			
Current			
Convertible redeemable preference shares	(a),22	4,003,239	-
Total current borrowings from continuing operations		**4,003,239**	**-**
Discontinued operations			
Loans - unsecured	(b),22	-	685,448

(a) During the year the group issued 3,861,778 unlisted convertible redeemable preference shares (CRPS) each with a face value of $1.00. The key terms of the CRPS include a 1 year maturity date, with noteholders able to convert them to fully ordinary shares at any time and the group able to convert only with the holder's consent at no less than 95% of the VWAP on the 5 days prior to the conversion date. The CRPS confers on its holder the right to receive dividends at 2% above the published CBA unsecured business overdraft rate.

The group has designated the CRPS as a compound financial instrument, however taking into account the terms of the CRPS it is all classified as debt. The debt is measured at amortised cost using the effective interest method with a balance at 30 June 2018 of $4,003,239 which includes $141,461 in accrued borrowing costs.

(b) At 30 June 2017, the group had short-term unsecured loan facilities of $685,448 with related entities of Michael Hackett, a director of the group. The facility was charged interest at 2% above the CBA loan facility rate and was repaid as part of the JCC Demerger and group restructure. Interest of $25,448 was capitalised in the 2017 comparative,

(c) Prior to the demerger of Jimmy Crow, the property assets of Jimmy Crow were for many years used as collateral security for bank borrowings of the Trustees Australia group. As reported in the 31 December 2017 interim financial report, some bank securities over the property owned by the Jimmy Crow Group had not been fully released because of technical issues of the Commonwealth Bank, which had delayed the registration at the Queensland Titles Office of the formal releases. At the date of this report, all bank securities have been released. The group therefore does not have any borrowings other than the CRPS, neither are any assets of the group pledged as collateral.

Collateral provided:

	2018 $	2017 $
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
Floating charge over assets, including unlisted investments	-	4,351,356
Total assets pledged as security	**-**	**9,843,294**

NOTE 13 PROVISIONS

	Note	2018	2017
Continuing operations		**$**	**$**
Current			
Employee benefits		189,205	52,446
Total current provisions		**189,205**	**52,446**
Non-Current			
Employee benefits		11,847	-
Total non-current provisions		**11,847**	**-**
Discontinued operations			
Provisions - current	5(b)	-	107,456
Provisions - non-current	5(b)	-	603,264
		-	**710,720**
Opening Balance		52,446	706,129
Additional provisions		191,863	121,381
Transfer to liabilities associated with assets held for distribution		-	(710,720)
Acquired on acquisition of Cashwerkz	18(iii)	86,970	-
Amounts used		(130,227)	(64,344)
Closing Balance		**201,052**	**52,446**

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 14: ISSUED CAPITAL

	2018	2017
	$	**$**
Issued capital	12,158,304	4,058,525

(a) Movement in ordinary shares:

Date	Detail	Number of shares	Issue Price ($)	Issued Capital
01 Jul 2017	Opening balance	33,110,131		4,058,525
17 Aug 2017	Acquisition of Cashwerkz (i)	49,665,196	0.15	7,449,779
17 Aug 2017	Director placements (ii)	3,250,000	0.20	650,000
30 June 2018	**Closing balance**	**86,025,327**		**12,158,304**
30 June 2017	**Closing balance**	**33,110,131**		**4,058,525**

(i) On 17 August 2017, Trustees Australia issued 49,665,196 shares for the acquisition of Cashwerkz. Refer Note 18(iii).

(ii) On 17 August 2017, Trustees Australia issued 1,900,000 shares to entities associated with Brook Adcock and 1,350,000 shares to entities associated with Michael Hackett as director placements for initial funding.

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) Convertible Redeemable Preference Shares

(iii) At the date of this report, Trustees Australia has issued 3,861,778 convertible redeemable preference shares. Refer Note 12(a).

NOTE 14: ISSUED CAPITAL (cont'd)

(c) Options

There are no options on issue.

(d) 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 2018 and 30 June 2017 are as follows:

		2018	2017
	Notes	**$**	**$**
Total borrowings	12	4,003,239	685,448
Less cash and cash equivalents	6	(401,734)	(602,574)
Net debt / (surplus)		3,601,505	82,874
Total equity (less intangibles)		(3,481,319)	6,177,626
Total capital		120,186	6,260,500
Gearing ratio		2,997%	1%

Trustees Australia Limited, RedGate Asset Management Limited, Rim Securities Limited and Cashwerkz Group Trust 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 16(c): Commitments and Contingencies.

NOTE 15: RESERVES

NATURE AND PURPOSE OF RESERVES

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

Common control reserve
Business combinations involving entities or businesses under common control are outside the scope of AASB 3: Business Combinations. A common control transaction took place on 17 August 2017 as part of the demerger of Jimmy Crow and has been accounted for using predecessor accounting, without the recognition of additional goodwill. The common control reserve represents the net assets acquired. Balances in the common control reserve relating to demerged entities and demerged assets and liabilities have been transferred to retained earnings.

NOTE 16: 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.

	2018	2017
	$	**$**
(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	295,494	78,917
Between 12 months and 5 years	532,207	14,424
Greater than 5 years	-	-
Present value of minimum lease payments	**827,701**	**93,341**

NOTE 16: COMMITMENTS AND CONTINGENCIES (cont'd)

(c) AFS Licences

Trustees Australia Limited, Redgate Asset Management Limited (Redgate), Rim Securities Limited (Rim Securities) and Cashwerkz Group Trust (Cashwerkz) hold financial services licences under section 913B of the Corporations Act 2001. These are Licences 260033, 260038, 283119 and 459645 respectively.

As a condition of licence authorisation, each licensee is required to maintain a number of base level financial requirements and Trustees Australia has some additional financial requirements as a result of Responsible Entity services. Rim Securities, Redgate and Cashwerkz have continued to meet the base level requirements. Following the demerger of Jimmy Crow, Trustees Australia has breached its financial requirements and lodged a breach notice with ASIC on 15 February 2018 and is in the process of remedying the breach at the date of this report.

As allowed for in the licences, Trustees Australia has given a guarantee of financial support for the base level financial requirements of RedGate Asset Management Limited. At 30 June 2018 the financial support totalled $2,300.

At 30 June 2017 the financial support totalled $25,000 to Rim Securities Limited.

(d) Capital Expenditure Commitments

There are no capital expenditure commitments contracted for the year ended 30 June 2018.

(e) Other commitments

There are no other commitments for the year ended 30 June 2018.

(f) Other contingencies

Other than as disclosed in Note 2, there are no other contingencies for the year ended 30 June 2018.

NOTE 17: 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	Chairman
Kerry Daly	Director (retired 17 August 2017)
Nathan Leman	Director
Brook Adcock	Director (appointed 17 August 2017)
John Nantes	Director (appointed 17 August 2017)
Hector Ortiz	CEO
Elizabeth Hackett	Operations Manager (retired 17 August 2017)

(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 2018.

The totals of remuneration paid to KMP of the company and the group during the year are as follows, no other remuneration has been paid from that listed:

	2018	2017
	$	$
Short term	617,916	486,060
Post employment	39,856	28,506
Other long-term	12,881	4,934
	670,653	**519,500**

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.

NOTE 17: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS (cont'd)

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.

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

NOTE 18: CONTROLLED ENTITIES

Particulars in relation to controlled entities	Note	Class of Equity	2018 Percentage Owned	2017 Percentage Owned
Parent Entity:			%	%
Trustees Australia Limited	(i)			
Wholly Owned Controlled Entities				
Rim Securities Limited		ordinary	100	100
RedGate Asset Management Limited		ordinary	100	-
Australian Share Registers Pty Ltd		ordinary	100	100
Cashwerkz Group Trust	(iii)	units	100	-
Budget Traveller Group Pty Ltd	(ii)	ordinary	-	100
Jimmy Crow Limited	(ii)	ordinary	-	100
Magnums Backpackers & Bar Pty Ltd	(ii)	ordinary	-	100
Corporate Queensland Pty Ltd	(ii)	ordinary	-	100
Corporate Solutions Pty Ltd	(ii)	ordinary	-	100
Airlie Central Two Property Trust	(ii)	units	-	100

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

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

(ii) On 17 August 2017, Trustees Australia confirmed completion of the JCC demerger. The demerger required Trustees Australia to undertake an internal corporate restructure prior to it becoming effective, and resulted in several entities becoming subsidiaries of Jimmy Crow prior to the demerger.

(iii) On 17 August 2017, Trustees Australia Limited acquired 100% of the issued capital and control of the Cashwerkz Group Trust for the issue of 49,665,196 ordinary shares. This acquisition forms part of the group's overall strategy of being fully focused on financial services and expanding its 'traditional' activities with new 'fintech' online transaction capabilities.

NOTE 18: CONTROLLED ENTITIES (cont'd)

Acquisition of subsidiary

The identifiable assets acquired and liabilities assumed on acquisition of Cashwerkz were as follows:

	Note	$
Purchase consideration:		
- market value of TAU ordinary shares issued		7,449,779
Less:		
Cash and cash equivalents		6,388
Trade and other receivables		243,881
Other assets		48,785
Property, plant and equipment		38,359
Intangible assets	(a)	10,361,364
Trade and other payables		(210,642)
Borrowings		(100,000)
Provisions		(86,970)
Identifiable assets acquired and liabilities assumed		**10,301,165**
Bargain purchase on acquisition		**2,851,386**

Total income of Cashwerkz included in the consolidated revenue of the group since the acquisition date on 17 August 2017 amounted to $9,065 and net loss of $2,634,258 was included in consolidated profit of the group since the acquisition date.

Key Assumptions Used For Fair Value of the Cashwerkz Platform

(a) As required by AASB 3 Business Combinations the group performed a fair value of the identifiable assets and liabilities of Cashwerkz as identified above. As part of this process the Directors performed a valuation of the Intangible asset being a cloud-based platform to provide a transparent, secure platform where identity verification and management is streamlined and required once-only, allowing easy switching at maturity and offering consumers a wide choice of ADIs. At the date of acquisition the Cashwerkz platform was fully developed, tested and operational.

In conducting the valuation, consideration was given to the most appropriate valuation methodology to be employed. Given the nature of the entity and asset, the size of the available market and the readiness of the product to reach market the directors were satisfied that a discounted cash flow ("DCF") valuation was the most appropriate methodology to adopt. Consideration was also given to the valuation range provided in the Independent Experts Report prepared by PKF included in the Notice of Meeting of 30 June 2017.

Significant estimate: key assumptions used in the discounted cash flow

The directors determined the fair value of the intangible asset relying on calculations inherent within the DCF which requires the use of a number of assumptions. The calculations use cash flow projections based on board approved financial forecasts covering an eight (8) year period.

Cash flows beyond the 8 year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

	%
Sales volume (average annual growth rate)	24.90
Average annual forecasted gross margin	86.30
Other operating costs (average annual growth)	1.20
Long term growth rate	2.20
Pre-tax discount rate	24.60

Significant estimate: Impact of possible changes in key assumptions

The key assumptions in the impairment analysis are revenue growth and the discount rate used in the calculations. Sensitivity analysis indicated that if revenue growth was 85% of that used in the calculations or there was a 1.0% increase in the discount rate, the recoverable value would still exceed the current carrying value.

NOTE 19: RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTIES

Related parties of Trustees Australia group are:

- controlled entities - refer Note 18.
- key management personnel and their associates - refer Note 17.
- director related entities - see below.

Entity with significant influence over the group

- Relevant interests associated with Director, Brook Adcock, own 46.14% (2017: nil) of the ordinary shares in Trustees Australia at the date of this report.
- Relevant interests associated with the Chairman, Michael Hackett, own 21.07% (2017: 47.54%) of the ordinary shares in Trustees Australia at the date of this report.

Director related entities

- Nathan Leman is a director of Mikko Constructions Pty Ltd (Mikko). Mikko undertakes project management and IT establishment work for the group on a cost recovery basis. During the 2018 year, $26,460 (2017: $186,000) was paid by the group to Mikko. At 30 June 2018 the group owed Mikko $1,705 (2017: $nil).
- John Nantes is a director of Nantes Business Advisory Pty Ltd (NBA), who undertakes responsible manager and consulting services work for the group. During the 2018 year, $171,919 (2017: $nil) was paid by the group to NBA and at 30 June 2018 the group owed NBA $16,500 (2017: $nil).
- Michael Hackett is a director of Jimmy Crow Limited (Jimmy Crow), who utilise the services of the Trustees Australia administration team on a cost recovery basis. During the 2018 year, $57,496 (2017: $nil) was charged by the group to Jimmy Crow and at 30 June 2018 Jimmy Crow owed the group $57,496 (2017: $nil).
- Michael Hackett is a director of Australian Dairy Farms Group (ADFG) which in the 2017 comparative utilised the services of the group for accounting and other administrative costs totalling $275,000. These services and the outstanding balance of $444,450 were transferred to Jimmy Crow on demerger.

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 20: 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 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;
- online term deposits using a secure platform through Cashwerkz; and
- fixed income broking and advisory through Rim Securities;

NOTE 20: SEGMENT INFORMATION (con't)

Types of products and services by segment

Tourism & Hospitality - discontinued operations

The tourism and hospitality segment included the previous 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:

- the previously held 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 former portfolio holding of listed investments .

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. Following the completion of the JCC Demerger, the group operates 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

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 2017 comparative as they were not considered part of the core operations of any segment:

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

NOTE 20: SEGMENT INFORMATION (con't)

(i) Segment Performance

30 June 2018	Financial Services	Total
Revenue	**$**	**$**
External sales	826,573	826,573
Inter-segment sales	-	-
Interest revenue	9,485	9,485
Total segment revenue	**836,058**	**836,058**
Reconciliation of segment revenue to group revenue		
Revenue from discontinued operations		1,289,165
Total revenue from continuing and discontinued operations		**2,125,223**
Segment net loss before tax from continuing operations	**(2,116,920)**	**(2,116,920)**

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		2,570,448
Total revenue from continuing and discontinued operations		**3,906,528**
Segment net loss before tax from continuing operations	**(253,983)**	**(253,983)**

NOTE 20: SEGMENT INFORMATION (con't)

(ii) Segment Assets and Liabilities

Segment Assets	Financial Services	Total
As at 30 June 2018	**$**	**$**
Segment assets	11,393,964	11,393,964
Segment asset increases for the period:		
Capital expenditure	332,613	332,613
Reconciliation of segment assets to group assets		
Unallocated assets		-
Total group assets		**11,393,964**

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
Acquisitions	-	-	-	
	96,941	-	111,573	208,515
Reconciliation of segment assets to group assets				
Unallocated assets				-
Total group assets				**9,843,294**
Segment Liabilities				
As at 30 June 2018				
Segment liabilities	-	-	4,716,390	4,716,390
Reconciliation of segment liabilities to group liabilities				
Unallocated liabilities				
Other liabilities				-
Total group liabilities				**4,716,390**
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**

NOTE 21: EARNINGS PER SHARE

	2018 cents	2017 cents
From continuing and discontinued operations		
Loss per share	(2.9)	(0.7)
Diluted loss per share	(2.9)	(0.7)
From continuing operations		
Basic loss per share	(3.6)	4.1
Diluted loss per share	(3.6)	4.1
From discontinued operations		
Basic profit / (loss) per share	0.7	(4.8)
Diluted profit / (loss) pre share	0.7	(4.8)
Reconciliation of earnings to profit or loss		
Loss attributable to members of the parent entity	(2,116,920)	(253,983)
Less: Preference dividends	(210,239)	-
Earnings used to calculate basic EPS	**(2,327,159)**	**(253,983)**
Earnings used to calculate basic EPS from continuing operations	**(2,853,253)**	**1,349,215**
Earnings used to calculate basic EPS from discontinued operations	**526,094**	**(1,603,198)**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	76,066,616	33,110,131
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**76,066,616**	**33,110,131**

NOTE 22: 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	2018 $	2017 $
Financial assets			
Cash and cash equivalents	6	401,734	602,574
Loans and receivables	7	363,451	722,838
Bonds and deposits	8	161,253	127,555
Listed investments - available for sale at fair value	5(d)	-	1,756,581
Total financial assets		**926,438**	**3,209,548**
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	11	512,099	1,397,435
Borrowings	12	4,003,239	685,448
Total financial liabilities		**4,515,338**	**2,082,883**

NOTE 22: 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 has debt exposure. 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 - refer 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 22: 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	(4,003,239)	(685,448)	-	-	-	-	(4,003,239)	(685,448)
Trade & other payables	(512,099)	(1,397,435)	-	-	-	-	(512,099)	(1,397,435)
Total contractual outflows	**(4,515,338)**	**(2,082,883)**	**-**	**-**	**-**	**-**	**(4,515,338)**	**(2,082,883)**
Total expected outflows	**(4,515,338)**	**(2,082,883)**	**-**	**-**	**-**	**-**	**(4,515,338)**	**(2,082,883)**
Financial assets - cash flows realisable								
Cash and cash equivalents	401,734	602,574	-	-	-	-	401,734	602,574
Bonds & deposits	161,253	127,555	-	-	-	-	161,253	127,555
Trade receivables and loans	363,451	722,838	-	-	-	-	363,451	722,838
Listed investments - available for sale at fair value	-	1,756,581	-	-	-	-	-	1,756,581
Total anticipated inflows	**926,438**	**3,209,548**	**-**	**-**	**-**	**-**	**926,438**	**3,209,548**
Net (outflows) / inflows on financial instruments	**(3,588,900)**	**1,126,665**	**-**	**-**	**-**	**-**	**(3,588,900)**	**1,126,665**

Share price risk

The group held investments in the following ASX listed company sectors until the JCC demerger:

- Information technology
- Food, beverage and tobacco

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

NOTE 22: 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	2018	2017	2018	2017
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	401,734	602,574	401,734	602,574
Trade and other receivables	(i)	363,451	722,838	363,451	722,838
Loans and advances - related parties		-		-	
Bonds and deposits	(i)	161,253	127,555	161,253	127,555
- Listed investments - at fair value	(ii)	-	1,756,581	-	1,756,581
Total financial assets		**926,438**	**3,209,548**	**926,438**	**3,209,548**
Financial liabilities					
Trade creditors (excluding leave accruals)	(i)	512,099	1,397,439	512,099	1,397,439
Interest bearing liabilities	(iii)	4,003,239	685,448	4,003,239	685,448
Total financial liabilities		**4,515,338**	**2,082,887**	**4,515,338**	**2,082,887**

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) Fair values are determined using amortised cost.

(c) Contingencies

The company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 16: 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.

(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 2018, 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:

	2018	2017
Change in profit	$	$
- Increase in interest rate by 2.5%	(90,038)	13,633
- Decrease in interest rate by 2.5%	90,038	(13,633)
Change in equity		
- Increase in interest rate by 2.5%	90,038	(13,633)
- Decrease in interest rate by 2.5%	(90,038)	13,633

NOTE 23: AUDITOR'S REMUNERATION

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

	2018	2017
	$	$
Audit and review of the financial statements[1.]	83,250	70,610
Non audit services	16,000	6,000

[1.] Included are fees of $8,440 paid to the auditor of subsidiary Cashwerkz prior to acquisition.

NOTE 24: EVENTS AFTER THE BALANCE DATE

On the 3 August 2018 Trustees Australia Limited (the company) received correspondence from the Australian Securities and Investments Commission (ASIC) that it was to notify ASIC by the 10th August whether the company would proceed with a restructure of the groups Australia Financial Services Licence's ("AFSL") or ASIC would proceed with regulatory action and either suspend or cancel the company's licence.

On 10 August 2018 the company advised ASIC in writing of its intention to proceed with the restructure of its AFSL's in an effort to rectify the company's Net Tangible Asset breach of it's financial services requirement. The company has subsequent to this provided further information to ASIC to support the steps it is undertaking to rectify the breach and an application to vary the Redgate Asset Management AFSL was lodged with ASIC on 29 August 2018.

At the date of this report the matter remains unresolved, however the financial implications of the application not being approved are not material.

NOTE 25: 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.

NOTE 25: FAIR VALUE MEASUREMENTS (cont'd)

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.

There were no assets to measure at the 30 June 2018 and 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 in the comparative year:

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)	5(c)	1,756,581	-	-	1,756,581
Total financial assets recognised at fair value on a recurring basis		**1,756,581**	**-**	**-**	**1,756,581**
Non-recurring fair value measurements					
Land and buildings (ii)	10	-	4,631,938	-	4,631,938
Total non-financial assets recognised at fair value on a non-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 previous financial year.

(ii) Freehold land and buildings 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.

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;
- 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
Liabilities				
Payables	11	2	Income approach using discounted cash flow methodology	Yield curves based on market interest rates for remaining maturity period for similar liabilities
Borrowings	12	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 2018

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 15 to 57, and the remuneration disclosures that are contained within the remuneration report with the Directors' Report set out on pages 9 to 12 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 2018 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
Chairman

Brisbane
31 August 2018

Nexia Australia

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 ("the Company") and Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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, 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 2018 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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, would be in the same terms if given to the directors as at the time 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.

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates the Group incurred a loss, excluding other income, of $4,594,155 for the year, furthermore the Group is deficient in working capital of $3,676,931 and has a deficiency in net tangible assets of $3,481,320 as at 30 June 2018. In addition, the Group incurred a net cash outflow of $3,576,682 from operating and investing activities.

The Group continues to be reliant upon the completion of capital raising or the raising of additional debt for continued operations, the provision of working capital and compliance with the financial requirements of Trustees Australia Limited's Australian Financial Services licence. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Key audit matter	How our audit addressed the key audit matter
Acquisition accounting – Cashwerkz Group As disclosed in Note 18 of the financial report Trustees Australia Limited ("Trustees") acquired the Cashwerkz Group Trust ("Cashwerkz") for a purchase consideration of $7,449,779 via the issue of 49,665,196 shares in Trustees. The audit of the acquisition accounting is a key audit matter due to the extent of judgement and complexity involved in assessing the determination of fair value of identifiable intangible assets and the identification of an acquirer in accordance with AASB 3 Business Combinations.	Our procedures included but were not limited to: • Reviewing the purchase agreement to understand the entities being acquired and the consideration payable for the acquisition, & • Critically evaluate managements position of which of the combining entities obtained control in order to assess whether the business combination should be accounted for as a reverse acquisition, & • Obtaining a copy of the external valuation report to critically assess the determination of the fair value of the identifiable intangible asset associated with the acquisition. With the assistance of Nexia valuation experts we: • Assessed the identification of the intangible asset acquired which was comprised of software along with the valuation methodologies used to value the asset, &

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Key audit matter	How our audit addressed the key audit matter
	• Challenged the associated underlying forecast cash flows for the software valuation and compared key assumptions, including forecast growth rates applied by comparing them to business trends and economic and industry forecasts, & • Evaluated discount rates used by assessing the cost of capital and suitability of other risk premiums applied in the valuation by comparing them to market data and industry research, & • Assessed the methodology & mathematical accuracy of the cash flow model, & • We have also assessed the appropriateness of the disclosures of the acquisition included in Note 18 of the financial report.
Carrying value of acquired intangible assets - Software As disclosed in Note 9 of the financial report included in the groups consolidated statement of financial position as at 30 June 2018 is software relating to the acquisition of Cashwerkz with a carrying value of $9,448,274. The directors have assessed the recoverable amount of the software using discounted cash flow analysis which incorporate significant judgement in respect of assumptions such as discount rates and future contract wins as well as economic assumptions such as growth and risk rates. We focused on this area as a key audit matter due to the judgement involved in forecasting future cash flows and the selection of assumptions.	With the assistance of Nexia valuation experts our procedures included, but were not limited to: • Evaluating the value in use discounted cash flow model developed by management to assess recoverable amount of the software acquired in conjunction with the business combination of Cashwerkz, including critically assessing the following assumptions: - Managements identification of the CGU, & - Whether cash flow projections are based on reasonable and supportable assumptions, & - Evaluated discount rates used by assessing the cost of capital and suitability of other risk premiums applied in the discounted cash flow by comparing them to market data and industry research, & - Consider whether the pipeline of prospective customers was supported by corroborative evidence such as agreements for services and memorandums of understanding with forecasted customers, &

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Key audit matter	How our audit addressed the key audit matter
	- Consider whether managements allocation of corporate overheads was reasonable based on past performance, & • Tested the mechanical accuracy of management forecast and the discounted cash flow model, & • Perform sensitivity analysis on a number of assumptions, including discount rates, growth rates and forecast profitability, & • Assess alternative valuation techniques to support the value in use discounted cash flow model, & • Assess the appropriateness of the relevant disclosures in the financial statements.
Accounting for the demerger of Jimmy Crow The Trustees Group underwent a demerger on 17 August 2017 which split into two new groups being the new Jimmy Crow Limited and Trustees Australia Limited. Prior to the demerger Trustees, reorganised the existing group in accordance with the demerger steps outlined in the Notice of General Meeting of 30 June 2017. The demerger was voted on by the shareholders on 31 July 2017 and was implemented effective 17 August 2017. The reorganisation was accomplished by allocating assets, liabilities and contracts existing under the original group between the two new groups. The reorganisation was a common control transaction, in that the two new Groups were controlled by the same parties as the Group at the time of the reorganisation. Under common control accounting rules the Group was able to utilise existing book values in the allocation of assets and liabilities to the two new groups. The accounting for the demerger is complex, thus there is significant risk in relation to the	Our procedures included, amongst others: • We performed our own independent assessment and determined managements application of common control accounting principles under Australian Accounting Standards were appropriate to use in accounting for the reorganisation prior to the demerger, & • Performed procedures to ensure the assets and liabilities were appropriately allocated between the two new groups in preparation for the demerger, including: - Enquiring of management as to the method used to account for the demerger and review the predecessor accounting method adopted; - Validating that the transfer of assets and liabilities were executed with reference to the demerger steps contained in the Notice of General Meeting of 30 June 2017 and agreeing the material balances to the post demerger accounting records; - Sighting evidence that inter-company balances, loans and advances were appropriately reflected in the post demerger accounting records and

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Key audit matter	How our audit addressed the key audit matter
accuracy, disclosures and presentation and therefore represents a key audit matter.	occurred as detailed in the demerger steps; - Sight corroborative evidence that bank securities previously held under Trustees Australia Limited and its Controlled Entities had been released by the financial institution.
Breach of AFSL Licence Conditions As disclosed in Note 16 of the financial report the Group holds four Australian Financial Services licences ("AFSL"). Trustees Australia Limited has during the year been in breach of the minimum financial requirements of its Australian Financial Services Licence ("AFSL") and therefore not satisfied its obligations under s912A of the *Corporations Act 2001*. The AFSL breach is considered a key audit matter as it has the potential to result in Trustees Australia Limited having its AFSL licence suspended or cancelled which could impact the carrying values of the Groups assets and liabilities as at 30 June 2018. Our audit procedures focused upon Trustees Australia Limited financial requirement obligations as it provides support to two of the other licencees within in the Group in order for them to maintain their minimum financial requirements obligations.	Our procedures included, amongst others: • Review all correspondence presented to us that the Group received from the Australian Securities and Investments Commission ("ASIC") along with managements responses to ASIC. • Assess management's assumptions and judgements made in the preparation of cash flow projections, & • Ensuring there are no calculation errors within the projections and other financial calculations used, & • Perform sensitivity analysis over key assumptions and their impact on AFSL requirements, & • Review documentation and associated registers of relevant operational requirements to assess compliance with the license conditions, • Discuss with those charged with governance what action the group has undertaken up to the date of the financial report being authorized for issue in order to remedy the breach, & • Assess the appropriateness of the relevant disclosures in the financial statements.

Nexia Australia

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 in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 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.
If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

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 Group's ability 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.

Nexia Australia

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

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 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.

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.

Nexia Australia

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

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 2018.

In our opinion, the remuneration report of Trustees Australia Limited and Controlled Entities, for the year ended 30 June 2018, complies with s 300A of the *Corporations Act 2001*.

Responsibilities

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.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson

Ann-Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane QLD, 4000

Date: 31 August 2018

The following information was extracted from Trustees Australia's Register of Shareholders on 17 August 2018:

TWENTY LARGEST SHAREHOLDERS

		Fully Paid Shares	
		Shares Held	**% of Issued**
1	Adcock Private Equity Pty Ltd	38,717,198	45.01%
2	Costine Pty Ltd	16,967,021	19.72%
3	John Nantes	4,499,496	5.23%
4	Evelyn Anderson ATF Extra Incentive Fund	3,973,216	4.62%
5	Prowerkz Pty Ltd	3,534,051	4.11%
6	G&N Nominees Service Pty Ltd	3,218,377	3.74%
7	Mikko Constructions	2,878,880	3.35%
8	Elizabeth Mersh Superannuation Fund	1,877,962	2.18%
9	Adcock Group Super Pty Ltd	979,141	1.14%
10	Fiduciary Nominees Pty Ltd	584,719	0.68%
11	James Hains	551,836	0.64%
12	Scott Taylor	551,836	0.64%
13	Richard Cansick	551,836	0.64%
14	Book Online Now Pty Ltd	485,310	0.56%
15	Rustica Pty Ltd	471,207	0.55%
16	Kreskin Pty Ltd	460,200	0.53%
17	Norman Mayne	450,000	0.52%
17	Terence McCorley	328,479	0.38%
19	Boston McArthur	190,383	0.22%
20	One Managed Invt Funds Ltd	117,709	0.20%
	Total of Top Twenty Shareholdings	**81,271,148**	**94.67%**
	Total Shares on issue	**86,025,329**	**100.00%**

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Shareholders	Total Units	%
1 - 1000	64	24,672	0.03%
1,001 - 5,000	164	356,248	0.41%
5,001 - 10,000	62	482,166	0.56%
10,001 - 100,000	74	2,442,078	2.82%
100,001 or greater	35	82,740,165	96.18%
	399	**86,025,329**	**100%**

MARKETABLE PARCELS

At 17 August 2018, using the last traded share price of $0.29 per share, there were 144 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 names of the substantial securityholders listed in the Group's register on 17 August 2018 are:

	Shares Held	Voting Power Advised
Brook Adcock and associated entities	39,696,339	46.14%
Michael Hackett and associated entities	18,126,557	21.07%
John Nantes	4,499,496	5.23%

UNQUOTED SECURITIES

Options over unissued shares

At the date of this report, there are 10,000,000 options over unissued shares in Trustees Australia.

CORPORATE DIRECTORY

Board of Directors

Michael Hackett
Chairman

Brook Adcock
Director

Nathan Leman
Director

John Nantes
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

Level 3, 140 Ann Street
Brisbane QLD 4000

GPO Box 6
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”.