

17 September 2014

ASX Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000
Attention: Company Announcements

2014 RESULTS

Aurora Funds Limited (ASX: AFV) is pleased to present the 2014 Annual Financial Report.

HIGHLIGHTS:

- **Revenue generated of \$4.2 million, up 24.4%;**
- **Profit before tax of \$303,482, up 154.2%;**
- **Profit after tax of \$866,723*, up 273.8%;**
- **Final dividend 1.0 cents per share, fully franked**

* Includes a deferred tax asset write-up of \$563,241

The long term strategy of the business has been to derive the majority of revenue from funds under management that is sourced from retail investors rather than individual mandates. Pleasingly the business has now reached that point. The result means the Company is in a position to pay an inaugural dividend to shareholders.

Yours faithfully

Aurora Funds Limited

Aurora Funds Limited
ABN 39 143 194 165
and Controlled Entities

Annual Report

For the year ended 30 June 2014

Contents	Page
Corporate Directory	2
Corporate governance statement	3
Directors' Report	7
Auditor's independence declaration	15
Financial report	16
Directors' Declaration	41
Independent auditor's report to the Shareholders	42
Shareholder information	43

Corporate Directory

Directors	Ian Steuart Roe John Corr Simon Lindsay Oliver Morgan
Company Secretary	Betty Poon
Principal Registered Office in Australia	Level 4, 1 Alfred Street Sydney, NSW 2000 (02) 9080 2377
Share register	Registry Direct Level 2 120 Collins Street Melbourne, VIC Australia 3000
Auditor	Deloitte Touche Tohmatsu 225 George Street Sydney NSW 2000
Solicitors	Baker & McKenzie Level 27, AMP Centre 50 Bridge Street Sydney NSW 2000
Stock exchange listings	Aurora Funds Limited shares are listed on the Australian Securities Exchange (ASX)
Website address	www.aurorafunds.com.au

Corporate Governance Statement

The directors and management of Aurora Funds Limited and its controlled entities (“the Group”) are committed to maintaining best practice in corporate governance. This statement of principles outlines the approach taken by the Board in managing the business affairs of the Group (and its controlled entities) and in fulfilling its duties to meet the interests of the Group as a whole.

A description of the group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX Corporate Governance Principles and Recommendations.

Corporate Structure

Aurora Funds Limited (Aurora) is a Group limited by shares, incorporated and domiciled in Australia. Aurora Funds Limited (the Group) is the parent entity of Aurora Funds Management Limited and Fortitude Capital Pty Ltd. As at 30 June 2014, Aurora Funds Management Limited and Fortitude Capital Pty Ltd act as Responsible Entity and/or Investment Manager for a number of registered schemes (“the Trusts”).

A Responsible Entity (the “RE”) of a scheme must perform the duties detailed in the Constitution of the Trust and those regulated by the *Corporations Act 2001*. The duties of the RE include, amongst other things:

- Acting honestly
- Exercising a duty of care and diligence
- Act in the best interest of unit holders
- Treat unit holders equally where they hold the same class
- Treat unit holders fairly where they hold different classes
- Make sure the Trust property is valued at regular intervals
- Ensure that all payments from the Trust are in accordance with the Constitution
- Report any breaches that may have a material adverse impact on the interests of unit holders
- Make sure that information acquired through being the RE is not used to gain advantage for the RE or used to harm the interests of unit holders.

Principle 1: Lay solid foundations for management and oversight

The Board is elected by the Shareholders to represent all Shareholders. It is a director’s responsibility, in all decisions he or she is called upon to make concerning the Group’s affairs, to conscientiously weigh the interests of Shareholders in light of the circumstances and to consider the effects of such decisions on the interests of all Shareholders.

The Board is to exercise effective control over management to optimise the Group’s performance in the interests of the Group as a whole. The manner in which the Board operates is set out in the Board charter of the Group which is found on its website.

In general terms the Board charter covers the following:

- a) duties and responsibilities of the Board;
- b) powers of the Board;
- c) delegation to senior management;
- d) number and independence of directors;
- e) term of office of non-executive and executive directors;
- f) terms of appointment;
- g) responsibilities of the chair;
- h) Board proceedings;
- i) Board committees and delegation;
- j) evaluation of Board performance;
- k) directors’ indemnity and insurance;
- l) Independent advice and access to information;
- m) related party transactions;
- n) disclosures of interests.

Corporate Governance Statement (continued)

Principle 2: Structure the board with effective composition, size, and commitment

Board composition

The Board has three executive directors and an independent chairman. The managing director is Mr Ian Steuart Roe. The other executive directors are Mr John Corr and Mr Simon Lindsay. Mr Oliver Morgan is the independent non-executive chairman.

Directors' independence

Directors are expected to bring separate views and professional judgment to the Board's deliberations.

The Board has reviewed the position and associations of each of the directors in office, and during the current financial year has appointed an independent non-executive chairman.

Whilst the Board has considered ASX Recommendation 2.1 (independent majority of directors), it considers that this recommendation is better suited to a Group with a necessarily large Board. Given the size and cohesion of the Board, and the fact that the executive directors also make up the Group's senior management, the requirement of having independent majority directors will add no positive value. Note that during the financial year the Group now has an independent chairman and that the role of the chairman and managing director are now performed by different people.

Given the size and scope of the Group's operations, the Board considers that it has the relevant experience in the industry in which it operates and is appropriately structured to discharge its duties in a manner that is in the best interest of the Group and its Shareholders from both a long term strategic and operations perspective.

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report under the heading 'Information on directors'.

Commitment

The Board meets formally at least six times a year and more frequently as required. On the invitation of the Board or request of senior management, members of senior management attend and make presentations at Board meetings. In addition, the Board holds strategic planning sessions with management at which the Group's strategic plans are reviewed and agreed.

The number of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2014, and the number of meetings attended by each director is disclosed on page 10.

Board committees

It is the role of the Board of directors to monitor the management of the Group and the Board may establish appropriate committees to assist in this role. At the date of this statement, no committees have been established.

In the event that any committee is established by the Board, the Board may adopt a committee charter in respect of the committee, addressing the composition, responsibilities, administration and any other matters the Board determines relevant to such committee.

The Compliance Committee

The Compliance Committee for the RE comprises:

- Ms Betty Poon (internal member)
- Mr David Lewis (external)
- Mr Mark Hancock (external)

Mr David Lewis is a qualified actuary and has over 42 years' experience in financial services, predominantly in administration and consulting to fund management companies. David serves on the compliance committees of a number of Responsible Entities.

Mr Mark Hancock is a qualified actuary and has over 30 years' experience in the securities and funds management industry. Mark has significant applied research experience in Australian Equity markets accumulated from a variety of roles over a period of some 19 years. He was previously an equity portfolio manager with NRMA and MMI Insurance.

Corporate Governance Statement (continued)

The Compliance Committee (continued)

The external members of the Compliance Committee are nominated and remunerated by Aurora Funds Management Limited (RE). The Compliance Committee Charter is available at Aurora's website www.aurorafunds.com.au.

The Chair of the Compliance Committee rotates amongst the three members. Meetings are held at least quarterly and all members have access to:

- the books and records and any other relevant information of the Group;
- the auditors of the RE;
- the auditors of the Trusts issued by the RE; and
- the auditor of the Compliance Plan.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Group has adopted a code of conduct for all employees (including directors) of the Group. The code of conduct is aimed at establishing the values of the Group and maintaining the highest ethical standards, corporate behavior and accountability within the Group and its controlled entities. Both the statement of corporate governance principles and the code of conduct are consistent with ASX Principle 3.

The behavior of all directors and employees of the Group will meet the highest standards at all times. The minimum standards to be achieved are set out in a code of conduct which has been adopted by the Board and all employees. The code of conduct can be found on the Group's website.

The Board will review this statement at least every three years and make any changes it determines necessary or desirable.

Diversity

Whilst the Board has considered ASX Guidance Note 9 related to gender diversity it considers that these recommendations are better suited to a group with a necessarily large board. Given the size of the Board, and the fact that the executive directors also make up the founding executives of the various Group companies, the recommendation of establishing gender diversity on the Board is not practical. Nevertheless, the Board considers that the company is an equal opportunity employer, and ensures that gender or cultural diversity is not a barrier to employment with the company as opportunities may arise. Approximately 33% (2013: 23%) of company employees are women, of which two hold senior management positions.

Principle 4: Safeguard integrity in financial reporting

External auditors

Appointment of auditors

The Group's current external auditors are Deloitte Touche Tohmatsu. The effectiveness, performance and independence of the external auditors are reviewed by the Board. If it becomes necessary to replace the external auditors for performance or independence reasons, the Board will then formalise a procedure for the selection and appointment of new auditors.

Independence declaration

External auditors are required to make an annual independence declaration, addressed to the Board, declaring that the auditors have maintained their independence in accordance with relevant accounting standards and the rules of the professional accounting bodies.

Audit committee

As at the date of this statement no board committees have been established. Given the size and scope of the Group's operations, the Board considers that an audit committee will add no positive value.

Corporate Governance Statement (continued)

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

The Board has adopted a continuous disclosure and Shareholder reporting policy (that is consistent with ASX Principle 5) to ensure compliance with the ASX Listing Rules continuous disclosure requirements.

This policy:

- (a) gives guidance as to the information that may need to be disclosed, and
- (b) gives guidance for dealing with market analysts and the media;
- (c) establishes regular reminders to directors and senior management to actively consider whether there is any price sensitive information which needs disclosure; and
- (d) allocates responsibility for approving public disclosures and Shareholder communications.

The Board has approved the Group's policy to promote effective and transparent communication with its Shareholders. In addition the Group communicates with its Shareholders through a number of means including:

- (e) annual and half-yearly reports;
- (f) regular Shareholder updates sent by email or mail;
- (g) media releases, public announcements; and
- (h) annual general meetings.

In addition, the Group is committed to allow reasonable opportunity for informed Shareholder participation at general meetings.

Principle 7: Recognise and manage risk

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has, as part of its management and reporting systems, a risk management policy. The policy identifies the establishment of a management risk group which meets to identify and monitor the risks faced by the Group and which recommends mitigation strategies. The management risk group reports to the Board at regular intervals. In addition, regular reports are provided to the Board on issues such as compliance, insurance, and financial issues. Management is ultimately responsible to the Board for the Group's system of internal control and risk management.

The managing director and the Chief Operating Officer provide the Board with an annual written statement that the statement given with respect to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Principle 8: Remunerate fairly and responsibly

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

The Board is responsible for the review of the performance of the Board and senior management. The review of the managing director is carried out, and approved by, the Board. The performance of senior management (that is, those who report directly to the Managing Director) is reviewed at the end of each financial year by the Executive Directors.

At the review:

- (a) performance objectives and development plans are set (having regard to both the corporate goals set by the Board and individual performance goals) for the forthcoming financial year; and
- (b) individual performance is assessed against last year's performance objectives and the amount of "at risk" remuneration to be paid and securities to be granted under the Group's incentive plan is determined by reference to that individual's performance.

Directors' report

Your Directors of Aurora Funds Limited present their report on the consolidated entity ("the Group") consisting of Aurora Funds Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were directors of the Group during the whole or part of the financial year and up to the date of this report (except otherwise stated).

Ian Steuart Roe
John Corr
Simon Lindsay
Oliver Morgan (appointed 4 February 2014)
Alastair Davidson (resigned 12 March 2014)

Principal activities

The Group acts as a fund manager and issuer of retail and wholesale funds in the Australian market.

Financial results for the year

The consolidated profit before tax attributable to shareholders of Aurora Funds Limited was \$303,482 (2013: operating loss \$508,403). The consolidated profit after tax attributable to shareholders of Aurora Funds Limited was \$866,723 (2013: operating loss \$508,403). Please refer to the consolidated statement of profit or loss and other comprehensive income on page 18 for further information.

Review of operations

The Group continued to engage in its principal activity of funds management. During the year the Group continued to develop its distribution channels for its ASX listed and unlisted managed investment schemes, and sought additional wholesale investment management mandates.

Revenue from management and performance fees was \$3,590,105 (2013: \$2,810,959) and \$522,479 (2013: \$498,069) respectively. Total revenue amounted to \$4,266,336 (2013: \$3,407,926). Please refer to the consolidated statement of profit or loss and other comprehensive income on page 18 for further details.

Information on underlying performance

The main factors impacting the performance of the Group was the level of funds under management which is subject to market movements, fund performance and net inflows/outflows of each of the managed investment schemes and client mandates. Total funds under management at 30 June 2014 is \$256m (2013: \$480m).

The Board of Directors have been successful in reducing the overhead costs of the business, expanding its existing client base and achieving an improved financial performance over the last financial year.

Strategy and future outlook

Future revenue growth will depend upon the Group's average level of funds under management, and the investment performance of our funds and client mandates.

The Group will continue to pursue its financial objectives which are to increase the profitability of the Group over time by increasing the value and performance of funds under management

Cost management remains a key focus of the Group. Initiatives during the year have had a positive impact on results and will continue to provide efficiencies into the future.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

1. The Group issued an additional 750,000 shares at a consideration of \$1,500,000 to John Corr, or his associates, in accordance with the Share Purchase Agreement of Fortitude Capital Pty Ltd, as described in the initial Public Offering dated 5 May 2010.
2. The Group raised \$573,975 through a share placement of 1,275,500 ordinary shares at \$0.45 per share.

Directors' report (continued)

Matters subsequent to the end of the financial year

On 17 September 2014, the directors declared a dividend of 1 cent per ordinary share to be paid on 31 October 2014. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial reports.

Except for the matter discussed above, no other matter or circumstances have arisen since 30 June 2014 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

Aurora Funds Limited continues to pursue its business objectives by continuing to be the holding company of the Aurora Funds Management Limited funds management business. Operating strategies are not expected to change in the foreseeable future.

Environmental Regulation

The Group's operations are not subject to any significant environmental regulations under the law of the Commonwealth or State.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Non-audit services

Non audit services provided by the auditors of the Group during the year, Deloitte Touche Tohmatsu, are detailed below. The directors has considered the position and is satisfied, given the nature and scope of the non-audit services that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2014 \$
Amounts paid or payable to the auditors of the Group for non-audit services provided during the year	
Tax compliance services	<u>27,000</u>

Insurance of officers

During the financial year the Group paid premiums in respect of a contract insuring the directors of the Group and all executive officers of the Group against any liability incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Group, other than conduct involving a willful breach of duty in relation to the Group. The contract of insurance prohibits disclosure of the amount of the premium.

Indemnity of Auditors

The Company has agreed to indemnify the auditors under certain circumstances as permitted in the *Corporations Act 2001*.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

The company has agreed to indemnify the auditors under certain circumstances as permitted in the *Corporations Act 2001*.

Directors' report (continued)

Information about the Directors

Directors

The qualifications, experience and responsibilities of each person who has been a director of Aurora Funds Limited at any time during or since the end of the financial year are provided below.

Ian Steuart Roe BSc MAppFin

Steuart is the Managing Director of Aurora Funds Limited and group of companies. Before joining Aurora, Steuart was the Managing Director and founder of Sandringham Capital Pty Ltd which was a subsidiary of Aurora Funds Limited until it was deregistered in 2013. Prior to establishing Sandringham Capital Pty Ltd, Steuart was Executive Director and Head of Equity Risk Management Products for UBS in Australasia. His responsibilities included the origination, structuring and distribution of equity derivative and cash products to corporate, financial intermediaries and retail clients. From 1992 to 2001 he worked for Citigroup holding numerous roles including, director and Head of Corporate and Retail Equity Derivative Products, Head of Equity Risk Management, Associate Director and Portfolio Manager Structured investments.

John Corr B Comm

John is Chief Investment Officer and Executive Director of Aurora Funds Limited and group of companies. Prior to joining Aurora, John was the Managing Director and founder of Fortitude Capital Pty Ltd, a subsidiary of Aurora Funds Limited. John has over 27 years' experience in the financial markets. Prior to establishing Fortitude Capital, he was a director at Citigroup Global Markets Australia. He worked in proprietary trading for eight years, trading local and overseas equities and equity derivatives, and was responsible for the management and development of a team of equity proprietary traders.

Simon Lindsay B. Bus

Simon is Head of Distribution and Executive Director of Aurora Funds Limited and group of companies. Simon was a founding director of Aurora Funds Management Limited and is responsible for the Australian and New Zealand distribution of the Groups products. He brings to the Group over 20 years' experience in financial services, and has an extensive knowledge of the Australian financial planning market from his previous business development experience at both Challenger International Limited and Ord Minnett Limited.

Oliver Morgan B.E. Civil B.A. Accounting, Grad Dip Fin PI

Oliver was appointed Independent Non-Executive Chairman of Aurora Funds Limited and group of companies on 4 February 2014. Oliver is a founder of Aurora Funds Management Limited and has over 40 years' experience in stockbroking, corporate banking and funds management. Prior to his appointment as Independent Chairman, Oliver served as an Executive Director of Aurora Funds Management Limited and has held numerous business development roles in stockbroking, local and international banks and financial services companies. Oliver is responsible for the existence of an effective strategic planning program and for the consideration of future development possibilities of the Company. He acts as an advisor for the Managing Director and other members of the Board.

Alastair Davidson B.Sc Economics (Hons) CA

Alastair was Head of Institutional Business and Executive Director of Aurora Funds Limited and group of companies up until his resignation on 12 March 2014. Alastair was a founding director of Aurora Funds Management Limited. He has over 30 years' experience in senior executive roles in the United Kingdom, United States and Australian banking and financial services industries. Prior to Aurora Funds Management Limited, Alastair was the Head of Investment Banking at Challenger International Limited. There, he was instrumental in developing investment products including hedge funds, hybrids, fixed interest, and venture capital. Previous to that he was co-head of the structured product group at Salomon Smith Barney (County NatWest) in Sydney, and specialized in equity derivative based investment products.

Company Secretary

The Company Secretary is Ms Betty Poon B Bus (Acc), CA. Betty was appointed to the position of Company Secretary on 31 January 2014. She also holds the position of Chief Financial Officer. Prior to joining Aurora Funds Limited, Betty held a number of senior finance roles at ANZ/OnePath, JP Morgan, Aviva Investors and Pitcher Partners.

Directors' report (continued)

Directors' interest in shares

Number of shares held by key management personnel and their associates:

Directors	Balance 17 September 2014
Ian Steuart Roe	1,627,306
John Corr	1,744,252
Simon Lindsay	687,001
Oliver Morgan	674,999
Alastair Davidson	157,801

Shares issued on the exercise of options

No shares were issued during or since the end of the financial year as a result of exercise of options. No options have been issued over issued or unissued share capital of the consolidated group.

Directors' Meetings

The numbers of meetings of the board of directors during the financial year and the number of meeting attended by each director during the financial year were:

Director	Number of Board Meetings Held	Attended
Ian Steuart Roe	29	24
John Corr	29	29
Simon Lindsay	29	27
Oliver Morgan	29	3
Alastair Davidson	29	22

Remuneration report

The remuneration report outlines the remuneration arrangements of the Group for the year ended 30 June 2014. It details the remuneration arrangements for Key Management Personnel (KMP) of the Group who are defined as those having authority and responsibility for planning, directing and controlling activities of the group.

1. Key Management Personnel details

In the 2014 financial year, the KMP of the Group included a Non-Executive Director and Executive Directors as set out below:

Name	Position	Term as KMP
Non-Executive Director		
Oliver Morgan *	Independent Chairman	4 February 2014 to 30 June 2014
Executive Directors		
Ian Steuart Roe	Managing Director	Full Year
John Corr	Director	Full Year
Simon Lindsay	Director	Full Year
Former Director		
Alastair Davidson	Director	1 July 2013 to 12 March 2014
Former Executive Officer		
Richard Matthews	Executive	1 July 2013 to 7 February 2014

* Oliver Morgan replaced Ian Steuart Roe as Chairman on 4 February 2014.

The Board does not grant options to KMP under its remuneration policy.

Directors' report (continued)

Remuneration report (continued)

2. Remuneration policy

Aurora Funds Limited aims to provide remuneration that is competitive in the market and linked to the Group's long term growth and value. The board of directors seeks to ensure that the Group attracts and retains talented and motivated employees who can enhance business performance through their contributions and leadership. All staff are employed and remunerated by Aurora Funds Management Limited with all contracts for service being on a continuing basis.

The nature and extent of remuneration is reviewed and agreed upon annually by the board of directors as a whole.

Remuneration of employees is made up of the following components:

Fixed remuneration: includes base salary and employer superannuation contributions. All employees, including directors, have salary reviews on an annual basis. When making changes to an individual's base remuneration the board as a whole considers the employee's responsibilities, historic performance and length of employment with the Group, as well as the applicable industry rate.

Performance bonuses: all employees are eligible for a bonus based on a number of eligibility criteria. These include the Company achieving profitability target of each business line. This ensures that the level of bonuses paid is directly linked to the financial performance of the Group. Upon meeting this criteria a bonus pool is established and allocated to different employee groups. Bonuses are paid via the short-term incentive plan described below.

Short-term incentives: refers to performance based bonuses. All employees have the opportunity to earn an annual short-term incentive (STI) if predefined targets are achieved. STI for the directors and executives in the 2014 financial year were based on the profitability target of each business line as disclosed below. These targets were set by the board of directors and align to the company's strategic and business objectives. Bonus allocations will be subject to board approval, and must include the approval of the independent chairman. In the event the independent director votes against or abstains, the Board must obtain independent advice on the fairness and reasonableness for shareholders before distributing bonuses.

Profitability Target	Available STI
\$0 to \$1,000,000	75% of profits
\$1,000,001 to \$2,000,000	66% of profits
\$2,000,001 and above	50% of profits

* The short-term incentive scheme expires on 31 December 2015.

Bonuses are ultimately determined by the board and are paid annually as at 31 December each calendar year. At the date of this report, the value of STI to be paid to all employees including directors for the calendar year to 31 December 2014 (31 December 2013: \$875,855) has not been finalised. An amount of \$477,312 has been accrued for the period 1 January 2014 to 30 June 2014.

3. Relationship between Remuneration Policy and Company Performance

The following compares financial results for the last five years to incentive payments to key management personnel:

	2014	2013	2012	2011	2010
Profit/(loss) before tax	\$303,482	(\$508,403)	(\$1,011,364)	(\$4,659,717)	(\$162,884)
Profit/(loss) after tax	\$866,723	(\$508,403)	(\$1,011,364)	(\$4,379,560)	(\$162,884)
Total performance fees	\$522,479	\$498,069	\$67,524	\$210,475	59,053
Basic earnings per share	7.90	(5.68)	(11.31)	(49.06)	(13.86)
Total KMP short term incentives as a percentage of total income for the year	7.36%	4.85%	1.42%	-	-

The above highlights the impact that performance fees have in determining the total bonus pool available to all employees including key management personnel. For further details on performance bonuses payable to all staff including key management personnel, see page 6.

Directors' report (continued)

Remuneration report (continued)

4. Remuneration of key management personnel

A summary of the remuneration for the directors for the financial year ended 30 June 2014 is as follows:

30 June 2014	Short-term benefits	Post-employment benefits	Share based payments	Total	% Fixed Remuneration	% Remuneration linked to performance
Name	Cash salary and fees	Superannuation	Deferred shares			
<i>Directors:</i>						
Ian Steuart Roe	248,282	16,718	-	265,000	91%	9%
John Corr	414,518	17,775	-	432,293	56%	44%
Simon Lindsay	391,741	17,775	-	409,516	48%	52%
Oliver Morgan	7,500	-	-	7,500	100%	0%
Alastair Davidson [^]	115,925	24,365	-	140,290	84%	16%
<i>Other Key Management Personnel:</i>						
Richard Matthews ^{^^}	152,921	6,715	-	159,636	80%	20%
Total key management personnel compensation	1,330,887	83,348	-	1,414,235		

[^] Mr Davidson was a director up until his resignation on 12 March 2014

^{^^} Mr Matthews was an executive up until his resignation on 7 February 2014

30 June 2013	Short-term benefits	Post-employment benefits	Share based payments	Total	% Fixed Remuneration	% Remuneration linked to performance
Name	Cash salary and fees	Superannuation	Deferred shares			
<i>Directors:</i>						
Ian Steuart Roe	234,225	15,775	-	250,000	100%	-
John Corr	257,801	17,499	500,000	775,300	100%	-
Simon Lindsay	162,340	13,540	-	175,880	100%	-
Alastair Davidson	118,058	25,000	-	143,058	99%	1%
<i>Other Key Management Personnel:</i>						
Richard Matthews [*]	159,111	14,139	-	173,250	99%	1%
Total key management personnel compensation	931,535	85,953	500,000	1,517,488		

^{*} Mr Matthews was a director up until his resignation on 3 May 2013. Amounts shown above include all Mr Matthews' remuneration during the reporting period, whether as a director or other key management personnel. Amounts received in his position of director amounted to \$147,833, made up of cash salary and fees of \$135,792 and superannuation of \$12,041.

^{**} On 5 May 2010, the Group agreed to issue an additional 750,000 shares to John Corr, or his associates, at a consideration of \$1,500,000 on the third anniversary of the acquisition date of Fortitude Capital Pty Ltd, subject to John Corr not resigning before that date. The shares were issued on 12 July 2013. The cost of these shares has been expensed each year on a straight line basis for the financial years ending 2011, 2012 and 2013 at \$500,000 per annum.

5. Service agreements and employment agreements

Remuneration and other terms of employment for the Independent Non-Executive directors are formalised in service agreements.

Oliver Morgan, Independent Non-Executive Chairman

- Commenced on 4 February 2014
- Term of appointment - no fixed term
- Fees - \$30,000 per annum
- Termination notice period - 1 month

Directors' report (continued)

Remuneration report (continued)

5. Service agreements and employment agreements (continued)

Executive directors are engaged under employment agreements with Aurora Funds Management Limited. The employment agreements specify the components of remuneration, benefits and notice periods. Participation in the short term incentives is subject to the Board's discretion.

Ian Steuart Roe, *Managing Director*

Steuart is employed under a contract with Aurora Funds Management Limited, with effect from 5 May 2010 and will continue indefinitely until terminated.

Under the terms of the contract, Steuart:

- Is eligible to receive variable compensation being a maximum short-term incentive amount of up to but not exceeding 400% of his fixed compensation for that financial year. The amount of short-term incentive is based on the profitability targets of each business line as defined on page 6.
- May terminate the contract by giving three (3) months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu.
- Fixed compensation is determined by the Board based on the scope of his role, level of knowledge, skill and experience along with individual performance. There is no guarantee of pay increases included in any executive's contract.

John Corr, *Executive Director*

John is employed under a contract with Aurora Funds Management Limited, with effect from 5 May 2010 and will continue indefinitely until terminated.

Under the terms of the contract, John:

- Is eligible to receive variable compensation being a maximum short-term incentive amount of up to but not exceeding 400% of his fixed compensation for that financial year. The amount of short-term incentive is based on the profitability targets of each business line as defined on page 6.
- May terminate the contract by giving three (3) months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu.
- Fixed compensation is determined by the Board based on the scope of his role, level of knowledge, skill and experience along with individual performance. There is no guarantee of pay increases included in any executive's contract.

Simon Lindsay, *Executive Director*

Simon is employed under a contract with Aurora Funds Management Limited, with effect from 5 May 2010 and will continue indefinitely until terminated.

Under the terms of the contract, Simon:

- Is eligible to receive variable compensation being a maximum short-term incentive amount of up to but not exceeding 400% of his fixed compensation for that financial year. The amount of short-term incentive is based on the profitability targets of each business line as defined on page 6.
- May terminate the contract by giving three (3) months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu.
- Fixed compensation is determined by the Board based on the scope of his role, level of knowledge, skill and experience along with individual performance. There is no guarantee of pay increases included in any executive's contract.

Alastair Davidson, *Former Executive Director*

During the year, Alastair was employed under a contract with Aurora Funds Management Limited, with effect from 5 May 2010 and which continued until terminated on 12 March 2014, when Alastair resigned.

Under the terms of the contract which applied for the period 1 July 2013 to 12 March 2014, Alastair:

- Is eligible to receive variable compensation being a maximum short-term incentive amount of up to but not exceeding 400% of his fixed compensation for that financial year. The amount of short-term incentive is based on the profitability targets of each business line as defined on page 6.
- May terminate the contract by giving three (3) months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu.
- Fixed compensation is determined by the Board based on the scope of his role, level of knowledge, skill and experience along with individual performance. There is no guarantee of pay increases included in any executive's contract.

Directors' report (continued)

Remuneration report (continued)

6. Directors' interest in shares

Number of shares held by key management personnel and their associates:

Directors	Balance 1 July 2013	Movement	Balance 30 June 2014
Ian Steuart Roe	2,371,956	(744,650)	1,627,306
John Corr	924,251	820,001	1,744,252
Simon Lindsay	650,001	37,000	687,001
Oliver Morgan	709,999	(35,000)	674,999
Alastair Davidson	650,001	(455,560)	194,441


7. Loans to key management personnel

During the financial year there were no loans to key management personnel, including their related parties. Refer to Note 21 for details of transactions with related parties. There were no other transactions with related parties during the year other than those detailed in Note 21 of the financial statements.

8. Voting and comments made at the Company's 2013 Annual General Meeting

At the company's most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report that was considered at the AGM.

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



Ian Steuart Roe
 Managing Director
 17 September 2014

The Directors
Aurora Funds Limited
Level 4, 1 Alfred Street
SYDNEY NSW 2000

17 September 2014

Dear Directors

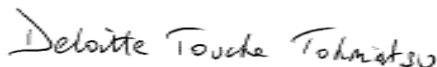
Independence Declaration – Aurora Funds Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Aurora Funds Limited and its Controlled Entities.

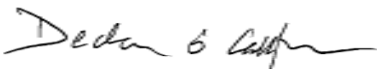
As lead audit partner for the audit of the financial statements of Aurora Funds Limited and its Controlled Entities for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Contents	Page
Financial Statements	
Consolidated statement of profit or loss and other comprehensive income	17
Consolidated statement of financial position	18
Consolidated statement of changes in equity	19
Consolidated statement of cash flows	20
Notes to the consolidated financial statements	21
Directors' declaration	41
Independent auditor's report to the shareholders	42

Consolidated statement of profit or loss and other comprehensive income

	Notes	2014 \$	Year Ended 2013 \$
Revenue from continuing operations			
Management fee income		3,590,105	2,810,959
Interest income from financial assets not held at fair value		153,751	98,898
Other income		522,479	498,069
Total income		<u>4,266,336</u>	<u>3,407,926</u>
Operating expenses			
Occupancy expenses		143,786	124,445
Personnel expenses		2,581,383	2,123,133
Share based payment	24	-	500,000
Fund expenses		698,722	712,792
Other expenses	6	429,893	362,281
Finance costs		109,070	93,678
Total operating expenses		<u>3,962,854</u>	<u>3,916,329</u>
Profit/(loss) before tax		303,482	(508,403)
Income tax benefit	5	563,241	-
Profit/(loss) for the year from continuing operations		<u>866,723</u>	<u>(508,403)</u>
Profit/(loss) attributable to shareholders of Aurora Funds Limited		<u>866,723</u>	<u>(508,403)</u>
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) attributable to the shareholders of Aurora Funds Limited		<u>866,723</u>	<u>(508,403)</u>
Earnings per share:			
Basic earnings per share (cents)		8.00	(5.68)
Diluted earnings per share (cents)		8.00	(5.68)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	2014 \$	As at 2013 \$
Current assets			
Cash and cash equivalents	8	4,074,683	2,472,838
Trade and other receivables	9	621,487	1,431,451
Other current assets	9	64,524	131,284
Total current assets		<u>4,760,694</u>	<u>4,035,573</u>
Non-current assets			
Plant and equipment	10	38,583	49,818
Deferred tax asset		843,398	316,641
Loans and receivables	11	8,903,000	-
Intangible assets	12	3,822,006	3,822,006
Total non-current assets		<u>13,606,987</u>	<u>4,188,465</u>
Total assets		<u>18,367,682</u>	<u>8,224,038</u>
Current liabilities			
Trade and other payables	13	1,223,652	1,539,869
Short-term borrowings	15	21,192	23,446
Total current liabilities		<u>1,244,844</u>	<u>1,563,315</u>
Non-current liabilities			
Trade and other payables	13	71,308	-
Deferred tax liability		-	36,484
Other non-current liabilities		107,457	-
Financial liabilities	14	8,903,000	-
Sub-ordinated debt	15	1,000,000	1,000,000
Total non-current liabilities		<u>10,081,765</u>	<u>1,036,484</u>
Total liabilities		<u>11,326,609</u>	<u>2,599,799</u>
Net assets		<u>7,041,072</u>	<u>5,624,239</u>
Equity			
Share capital	16	12,957,414	10,907,304
Share based payment reserve	24	-	1,500,000
Accumulated losses		(5,916,342)	(6,783,065)
Total equity		<u>7,041,072</u>	<u>5,624,239</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Share capital	Accumulated profit/(loss)	Share based payment reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2012	10,907,304	(6,274,662)	1,000,000	5,632,642
Comprehensive Income for the year	-	(508,403)		(508,403)
Shares issued	-	-	-	-
Share based payment reserve	-		500,000	500,000
Capital raising costs	-		-	-
Balance at 30 June 2013	<u>10,907,304</u>	<u>(6,783,065)</u>	<u>1,500,000</u>	<u>5,624,239</u>
Comprehensive Income for the year	-	866,723	-	866,723
Shares issued	573,975	-	-	573,975
Share based payment reserve	1,500,000	-	(1,500,000)	-
Capital raising costs	(23,865)	-	-	(23,865)
Balance at 30 June 2014	<u>12,957,414</u>	<u>(5,916,342)</u>	<u>-</u>	<u>7,041,072</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	2014 \$	Year Ended 2013 \$
Cash flows from operating activities			
Receipts from customers		4,989,309	2,660,733
Payments suppliers and employees		(3,978,580)	(2,748,164)
Interest received		153,751	63,793
Interest and other cost of finance paid		(111,325)	(77,808)
Net cash generated by/(used in) operating activities	22	<u>1,053,155</u>	<u>(101,446)</u>
Cash flows from investing activities			
Payment for plant and equipment		(1,420)	(11,685)
Loans to other entities	11	<u>(8,903,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(8,904,420)</u>	<u>(11,685)</u>
Cash flows from financing activities			
Proceeds from issue of corporate bond	14	8,903,000	-
Proceeds from issue of equity instruments of the Company		573,975	-
Payment for share issue costs		<u>(23,865)</u>	<u>-</u>
Net cash generated by financing activities		<u>9,453,110</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		1,601,845	(113,131)
Cash and cash equivalents at the beginning of the year		<u>2,472,838</u>	<u>2,585,969</u>
Cash and cash equivalents at the end of the year	8	<u>4,074,683</u>	<u>2,472,838</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Aurora Funds Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors as at the date of the directors' report. The directors have the power to amend and reissue the financial statements.

Compliance with IFRS

The consolidated financial statements of the Aurora Funds Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, certain classes of property and plant and equipment.

Going concern

These financial statements have been prepared on a going concern basis.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial statements, are disclosed in Note 2.

(b) Application of new and revised Accounting Standard

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 13 'Fair Value Measurement';
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)';
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management and Personnel Disclosure Requirements';
- AASB 12 'Disclosure of Interests in Other Entities'.

Impact of the application of AASB 10

AASB 10 Consolidated Financial Statements replaces all guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 112 Consolidation - Special Purpose Entities.

As a result of AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In accordance with the transitional provisions of AASB 10, the Group reassessed the control conclusion for its investees at 1 July 2013 and as the subsidiaries are 100% wholly owned, there has been no impact on the control conclusion.

Impact of the application of AASB 13

AASB 13 Fair value measurement provides guidance for determining the fair value of assets and liabilities. It does not change when the Group is required to use fair value, but, rather, provides guidance on how to determine fair value when fair value is required. It has also expanded the disclosure requirements for all assets and liabilities carried at fair value. The Group reviewed its policies for measuring fair value of assets and liabilities and the adoption of AASB 13 has not resulted in any change in fair value measurements of assets and liabilities of the Group, however additional disclosures have been included in Note 3(e).

1. Summary of significant accounting policies (continued)

(b) Application of new and revised Accounting Standard (continued)

Impact of the application of AASB 119

AASB 119 Employee Benefits has changed the accounting for the Group's annual leave obligations. As the Group does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits (except for annual leave obligations that have already been approved). This did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

Impact of the application of AASB 2011-4

AASB 2011-4 Amendments to Australian Accounting Standards to remove individual key management personnel disclosures requirements in AASB 124 Related Party Disclosures. As a result, the Group only discloses the key management personnel compensation in total and for each of the categories required by AASB 124. In the current year, the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the Remuneration Report due to an amendment to Corporations Regulation 2001 issued in June 2013.

Impact of the application of AASB 12

AASB 12 Disclosure of Interests in Other Entities requires disclosures relating to the Group and the Company's interest in subsidiaries, joint arrangements, associates and structured entities. It requires information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. As the Group does not have any joint arrangement, associates, investments in structured entities or non-controlling interests that are material to the Group, the adoption of AASB 12 has not resulted in any significant change in disclosures.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amount recorded in the current or prior year.

(c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries during the year and at balance date. Details of controlled entities are contained in Note 21.

Controlled entities are entities over which the Company has power over, and has exposure, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

In some business combinations, a new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer. The acquirer is usually the combining entity whose relative size is greater than that of the other combining entities as well as other factors such as domination of the board or management. In such circumstances, the acquirer is the entity whose equity interests have been acquired and the issuing entity (along with any other businesses acquired) is the acquiree.

Accordingly, the consolidated financial statements are prepared as a continuation of the accounting acquirer's financial statements and reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent and any other businesses acquired. Therefore, the cost of the business combination shall be allocated by measuring the identifiable assets, liabilities and contingent liabilities of the legal parent and other acquired businesses that satisfy the recognition criteria at their fair values at the acquisition date.

1. Summary of significant accounting policies (continued)

(d) Business combinations (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amount are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, which is the rate that a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) *Management and performance fee revenue*

Management fee revenue is recognised in profit or loss as it accrues based on the entitlements set out in the relevant investment management agreements, and listed and unlisted fund constitutions or product disclosure statements. Performance fee revenue is recognised in profit or loss when the Group's entitlement to it becomes certain, usually at the end of the period to which the fee relates.

(ii) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(g) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is Aurora Funds Limited's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at balance date. The fair values of financial assets are determined using the exchange rates at balance date.

Foreign currency exchange differences relating to financial assets are included in changes in fair value disclosed in net operating profit or other comprehensive income. All other foreign currency exchange differences are presented separately in profit or loss.

1. Summary of significant accounting policies (continued)

(h) Employee benefits

Liabilities for wages and salaries, performance bonuses, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash flow to be made in respect of services provided by employees up to the reporting date.

Contributions to the superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

(j) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects, neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and loss. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Aurora Funds Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. Summary of significant accounting policies (continued)

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. 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 carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

The effective life used for each class of depreciable assets are:

Class of Fixed Asset	Effective Life
Furniture and fittings	4 – 13 years
Computer equipment and software	2 -4 years

(n) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

1. Summary of significant accounting policies (continued)

(n) Investments and other financial assets (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

(iii) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Impairment testing of trade receivables is described in Note 9.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are assets that are not classified in any other financial asset category. These assets are carried at cost. Changes in the fair value of available-for-sale financial assets are recognised in the consolidated statement of financial position and included in the consolidated statement of profit or loss and other comprehensive income until the asset is disposed or impaired.

(o) Intangible assets

Management contracts

Management contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which varies depending on the length of the contract. Open ended contracts are deemed to have an indefinite useful life and are not subject to amortisation. Instead, these are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Fair value less cost to sell calculations are based on the present value of cash flows over five years plus assigning a terminal value of cash flow.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(r) Financial liabilities

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

Subsequent to initial recognition, financial liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled, or expires.

1. Summary of significant accounting policies (continued)

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated 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 taxation authority, are presented as operating cash flows.

(t) Comparatives

Where required, comparative information has been reclassified for consistency with current year disclosures.

(u) Segment reporting

The Group is organised into one main business segment – funds management, which operates solely in the business of funds management within Australia.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(v) Leases

Leases of property, in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1. Summary of significant accounting policies (continued)

(x) Accounting standards and interpretations issued but not yet operative at 30 June 2014

A number of new standards, amendments to standards and interpretations have been issued at the reporting date but are not yet effective. The Group is assessing the impact of these standards. The Group does not intend to early adopt any of the standards prior to the effective date.

- (i) AASB 9 'Financial Instruments', and the relevant amending standards (effective from 1 January 2018);
- (ii) AASB 1031 'Materiality' (effective from 1 January 2014);
- (iii) AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' (effective from 1 January 2014);
- (iv) AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets' (effective from 1 January 2014);
- (v) AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities' (effective from 1 January 2014);
- (vi) AASB 2013-9 'Amendments to Australian Accounting Standards – 0 Conceptual Framework, Materiality and Financial Instruments' (effective 1 January 2014);
- (vii) AASB 2014-1 'Amendments to Australian Accounting Standards' (effective 1 July 2014);
- (viii) AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments' (effective 1 January 2015);
- (ix) AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation' (effective 1 January 2016);
- (x) IFRS 15 'Revenue from contracts with Customers' (effective 1 January 2017);
- (xi) IFRS 9 Financial Instruments (effective from 1 January 2018);
- (xii) Equity Method in Separate Financial Statements (effective from 1 January 2016).

(y) Parent entity financial information

The financial information for the parent entity, Aurora Funds Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Aurora Funds Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

There were no dividends paid to the parent entity from its subsidiaries during the period ending 30 June 2013 and 30 June 2014.

(ii) Tax consolidation legislation

Aurora Funds Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Aurora Funds Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Aurora Funds Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Aurora Funds Limited for any current tax payable assumed and are compensated by Aurora Funds Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aurora Funds Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

1. Summary of significant accounting policies (continued)

(y) Parent entity financial information (continued)

(iii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary Undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The Group has agreed to issue an additional 750,000 shares to John Corr, or his associates at a consideration of \$1,500,000 on the third anniversary of the acquisition date of Fortitude Capital Pty Ltd (12 July 2013), subject to John Corr not resigning before that date. The cost of these shares has been expensed each year on a straight line basis. This has been fully expensed during the years ended 2011, 2012 and 2013.

There were no share-based payments issued during the year ended 30 June 2014.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumption that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Impairment of non-financial assets other than goodwill

The Group tests annually whether intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of estimates and assumptions. Refer to Note 12 for details of these assumptions and the potential impact of changes to the assumptions.

(b) Deferred taxes

The Group has recognised deferred tax assets relating to carried forward tax losses that can be utilised in future periods, based on the assumption that no adverse change will occur in the income tax legislation. The Group has determined that based on future profitability forecasts, utilisation of these tax losses by the Group will be achieved.

3. Financial Risk Management

The Group's principal financial assets comprise loans and receivables, financial liabilities and cash and cash equivalents. The Group also holds available-for-sale financial assets, comprising an investment in Registry Direct valued at nil. The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these liabilities is to finance the Group's operations.

The Group's activities expose it to a variety of direct and indirect financial risks comprising market risk, interest rate risk, credit risk, liquidity risk and fair values.

(a) Market risk

The key direct risks associated with the Group are those which impact on the registered schemes for which Aurora Funds Management Limited acts as the Responsible Entity.

Unfavourable economic movements, both globally and within the markets in which the funds operate can have a significant impact on the investment returns of the registered schemes and the funds under management (FUM).

FUM directly correlates to the level of management fees received by the Group as management fees are based on a percentage of FUM.

Performance fees are paid to Aurora Funds Management Limited if the registered schemes meet certain performance criteria. A period of negative performance will significantly impact on the level of performance fees paid to the Group and hence affect total profitability of the Group.

3. Financial Risk Management (continued)

(b) Interest rate risk

The Group's interest rate risk arises from cash held at call, term deposits and long-term borrowings.

The Group invests its excess cash in term deposits in order to mitigate interest rate fluctuations. During 2014 and 2013, the Group's borrowings at variable rate were in Australian Dollars.

The Group's exposure to interest rate risks of financial assets and financial liabilities are as follows:

	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash on hand	2.44%	4,074,683	4.42%	2,472,838
Loans and receivables	3.85%	8,903,000	-	-
Sub-ordinated debt	8.75%	(1,000,000)	8.75%	(1,000,000)
Financial liabilities	3.85%	(8,903,000)	-	-
Net exposure to cash flow interest rate risk		3,074,683		1,472,838

At 30 June 2014, if interest rates had increased/decreased by 50 basis points (2013: 50 basis points) from the year end rates with all other variables held constant, profit for the year would have been \$15,373 higher/lower (2013: \$7,364 higher/lower), mainly as a result of higher/lower interest income from cash and cash equivalents and borrowings.

(c) Credit risk

Credit risk for financial instruments arises from the potential failure by counterparties to the contract in meeting their obligations.

(i) Trade receivables

The maximum exposure to credit risk is the carrying amount of assets, net of any provisions for doubtful debts of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single debtor as the debtors are the funds it manages. The Company is the manager of each of these funds and exercises its control to manage this risk by ensuring fees are paid by each fund on a timely basis.

(ii) Cash deposits

Credit risk for cash deposits is managed by holding all cash with major Australian banks (Westpac, Macquarie and Commonwealth Bank).

(iii) Loans and receivables

The Group manages credit risk by regularly monitoring loans and receivable balances throughout the year. At 30 June 2014, the Group had credit exposure with loans totalling \$8,903,000. A corporate bond issued by the Group was held as security for these loans.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of \$1,970,879 (2013: \$1,868,564) and cash on hand of \$2,103,805 (2013: \$604,274) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) of cash and cash equivalents (Note 8) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

3. Financial Risk Management (continued)

(d) Liquidity risk (continued)

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Over 1 year to 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
As at 30 June 2014	\$	\$	\$	\$	\$
<i>Non-derivatives</i>					
Trade payables	1,061,505	61,310	100,838	1,223,652	1,223,652
Borrowings	64,942	43,750	1,043,750	1,223,652	1,021,192
Financial liabilities	-	-	8,903,000	8,903,000	8,903,000
Total non-derivatives	1,126,447	105,060	10,047,588	11,279,094	11,147,844
As at 30 June 2013					
<i>Non-derivatives</i>					
Trade payables	1,284,096	78,053	177,720	1,539,869	1,539,869
Borrowings	67,196	43,750	1,350,000	1,460,946	1,023,446
Total non-derivatives	1,351,292	121,803	1,527,720	3,000,815	2,563,315

(e) Fair value measurement

The Group classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below, to reflect the source of valuation inputs used when determining fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques using market observable inputs either directly (as prices) or indirectly (derived from prices).
- Level 3: valuation techniques using non-market observable inputs.

The Group holds a 10% equity interest in Registry Direct. This is an equity instrument that does not have a quoted market price in an active market and therefore its fair value cannot be reliably measured, and hence the investment is measured at cost. The cost of Registry Direct was nil.

No other financial assets and liabilities are measured at fair value, therefore no further disclosures have been made.

The carrying amounts of trade and other receivables and trade and other payables and borrowings are reasonable approximations of their respective fair values.

4. Segment information

The Group is organised into one main segment which operates solely in the business of funds management with Australia.

The Group operates in Australia and holds all assets within Australia.

The Company has identified its operating segments based on the internal management reports that are reviewed and used by the Board of Directors (who are the chief operating decision makers) in assessing performance and determining the allocation of resources.

The Directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified above and as such no further disclosure has been provided.

5. Income tax

(a) Reconciliation of income tax revenue	2014	2013
	\$	\$
Profit/(loss) before income tax expense	303,482	(508,403)
Prima facie income tax expense/(benefit) at 30%	(91,045)	152,521
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:		
Share-based payments	-	(150,000)
Audit and tax fees	(13,610)	
Annual leave and long service leave	28,088	
Other non-deductible expenses	52,428	
Non Recognition of tax benefit	-	(2,521)
Recognition of previously unused tax losses	587,380	-
Income tax revenue reported in the consolidated statement of profit or loss and other comprehensive income	563,241	-
(b) Components of income tax revenue	2014	2013
	\$	\$
Deferred tax benefit	563,241	-
Income tax revenue reported in the consolidated statement of profit or loss and other comprehensive income	563,241	-

At 30 June 2014, a deferred tax asset of \$843,398 has been recognised in the statement of financial position, as it is probable that there will be future taxable profits available to recover the asset. The Group has experienced recent tax losses, however, there is a high expectation that future taxable profits will occur, which has been demonstrated by the Groups future profitability analysis.

6. Other expenses

	2014	2013
	\$	\$
Professional fees	166,725	105,563
Registry	35,082	29,763
Insurance	67,463	68,152
IT fee	28,002	24,680
Depreciation	12,655	32,219
Marketing	2,864	4,271
Audit fees	78,000	60,000
Other operating expenses	39,102	37,633
	<u>429,893</u>	<u>362,281</u>

7. Dividends

	2014	2013
	\$	\$
Dividends declared after year-end		
100% franked dividends not recognised at year end at 1.0 cents per share (2013: Nil)	109,715	-
	<u>109,715</u>	<u>-</u>

8. Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and on hand	2,103,805	604,274
Deposits on call	1,970,879	1,868,564
	4,074,683	2,472,838

9. Trade and other receivables

	2014	2013
	\$	\$
Trade receivables and other debtors	553,975	1,431,451
Recoverable costs	67,512	-
	621,487	1,431,451
Prepayments	64,524	131,284

(a) Impaired trade receivables

As at 30 June 2014, there were nil (2013: nil) current trade receivables that were impaired.

(b) Risk exposure

As at 30 June 2014, no trade receivables were past due nor impaired.

10. Plant and equipment

	2014	2013
Balance at beginning of the year	49,818	70,357
Additions	1,420	11,680
Depreciation charge	(12,655)	(32,219)
Carrying amount at end of the year	38,583	49,818

11. Loans and receivables

	2014	2013
Loan to Centenary Advisory Group Pty Ltd	8,903,000	-

Loans and receivables comprise loans made to Centenary Advisory Group Pty Ltd. The loan to Centenary Advisory Group Pty Ltd is secured and repayable in 2018. Interest on the loan is charged at 3.85% per annum payable quarterly.

12. Intangible assets

	Management Rights
	\$
2014	
Balance as at 1 July 2013	3,822,006
Acquisitions of business	-
Impairment charge	-
Balance as at 30 June 2014	3,822,006
2013	
Balance as at 1 July 2012	3,822,006
Acquisitions of business	-
Impairment charge	-
Balance as at 30 June 2013	3,822,006

12. Intangible assets (continued)

(a) Carrying amount allocated to each cash generating unit

The cash-generating units are aligned to the Chief Operating decision makers reporting structure, the structure for which budgets and strategic plans are prepared, and the day-to-day management of the business. Each cash-generating unit is considered to be the funds allocated to each investment manager which generates management fee income. The cash-generating units are set out below:

	Fortitude Capital Pty Ltd	Sandringham Capital Pty Ltd	Total
2014	\$	\$	\$
Intangible Assets	1,330,285	2,491,721	3,822,006
Carrying amount	1,330,285	2,491,721	3,822,006

(b) Key assumptions

The recoverable amount of each of the Group's cash-generating units was based on fair value less cost to sell calculations (2013: value in use) covering a five-year period with a terminal value growth rate applied at the end of that period. The following key assumptions have been used for the calculation of each cash-generating unit:

Cashflows

There was a change in the method to determine cash flows during the current financial year, from value in use to fair value less cost to sell calculations. The Group has determined that fair value less cost to sell provides more reliable and relevant information than value in use calculations.

The cash flows for the fair value less cost to sell calculations are based on financial forecasts approved by management covering a five-year period, then a constant growth rate of 0% to 10% (2013: 0% to 10%).

The Directors believe it is appropriate to use a standard cost to sell rate for all impairment testing as each cash-generating unit shares similar risk profiles. The Group has considered the current economic climate in determining the appropriate cost to sell rate to use in impairment testing. At 30 June 2014, the cost to sell rate used has been determined to be 2%.

Terminal Growth rates

The terminal growth rate used to extrapolate cash flows beyond the five year forecast period is 2.5% (2013: 2.5%). The growth rate does not exceed the long term growth rate for any of the cash-generating units and is consistent with others in the industry.

Discount rate

In performing the fair value less cost to sell calculations for each cash-generating unit, the Group has applied post tax discount rates of 11.3% (2013: 9.5%). The discount rates used reflects the current market assessment of risks specific to each cash-generating unit, taking into consideration the time value of money and specific circumstances of each cash-generating unit.

Cost to sell

The Group has applied the cost to sell for each cash-generating unit to be the post-tax discount rate of 11.3% (2013: 9.5%). The discount rates and cost to sell assumptions used reflects the current market assessment of risks specific to each cash-generating unit, taking into consideration the time value of money and specific circumstances of each cash-generating unit.

(c) Impairment tests for intangibles

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The impairment test is performed at each reporting period.

Management do not believe a reasonable possible change in assumptions for any cash-generating unit would cause the units carrying amount to be lower than the recoverable amount. The Directors have determined that there are no indications of impairment for any assets held at 30 June 2014.

(d) Sensitivity analysis

The Group has conducted sensitivity analysis on the assumptions above to assess the effect on the recoverable amount of changes in the key assumptions.

The Group is satisfied that all the assumptions on which the recoverable amounts are based are fair and reasonable, and that currently overall there are no reasonably known changes to these assumptions that would cause the aggregate carrying amount to exceed the aggregate recoverable amount of any of the Group's cash-generating units as at 30 June 2014.

13. Trade and other payables

	2014	2013
Current Liabilities	\$	\$
Trade payables	529,529	767,803
Expenses accruals	603,283	490,417
Customer deposits	-	25,876
Provision for leave	90,840	255,773
	1,223,652	1,539,869
Non-current Liabilities		
Provision for leave	71,308	-

14. Financial Liabilities

	2014	2013
	\$	\$
Corporate Bond	8,903,000	-

During the financial year, Aurora Funds Limited issued Corporate Bonds to the value of \$8,903,00 to the Orion Investment Options Fund. The Corporate Bond is recognised at amortised cost. Interest is charged at a rate of 3.85% per annum and matures in 2018.

15. Borrowings

	2014	2013
Current Liabilities	\$	\$
<i>Unsecured</i>		
Interest payable on subordinate debt	21,192	23,446
	21,192	23,446
Non-current Liabilities		
<i>Unsecured</i>		
Subordinate debt	1,000,000	1,000,000
	1,000,000	1,000,000

The Company entered into a subordinate debt agreement with HSI No. 1 Pty Ltd atf HSI Noteholders Trust on 23rd December 2010 with total borrowing amount of \$1 million for 5 years. The repayment is sub-ordinated to all creditors as approved by the Australian Securities and Investments Commission. Interest is payable quarterly in arrears at a floating rate of RBA cash rate plus 6%. The total interest expense for the year was \$85,623 (2013: \$95,054) of which \$21,192 was payable at 30 June 2014.

16. Contributed equity

	2014	2013
	\$	\$
Ordinary shares	12,957,414	10,907,304
Total contributed equity	12,957,414	10,907,304

	2014	2013	2014	2013
	Shares	Shares	\$	\$
Ordinary shares				
Opening balance	8,945,997	8,945,997	10,907,304	10,907,304
Share issued	2,025,500	-	2,073,975	-
Capital raising cost	-	-	(23,865)	-
Total ordinary shares	10,971,497	8,945,997	12,957,414	10,907,304

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholder meetings. In the event of the Company winding up, ordinary shareholders are entitled to proceeds in proportion to the number and amounts paid up on shares held. The shares have no par value.

Capital risk management

The Group's capital structure currently consists of equity and retained earnings. The operating cash flows are used to finance sub ordinate debt. The capital risk management is continuously reviewed as the Group has surplus cash available for investment.

17. Key management personnel disclosures

Summary of key management personnel compensation as disclosed in the remuneration report.

(a) Key management personnel compensations	2014	2013
	\$	\$
Short-term employee benefits	1,330,887	931,535
Post-employment benefits	83,348	85,953
Share based payment	-	500,000
	<u>1,414,235</u>	<u>1,517,488</u>

18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its network firm and non-related audit firms:

(a) Deloitte Touche Tohmatsu (DTT) Australia	2014	2013
	\$	\$
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements	179,000	-
<i>(ii) Taxation services</i>		
Taxation compliance services	<u>27,000</u>	<u>-</u>
Total remuneration of DTT audit firms	<u>196,000</u>	<u>-</u>
(b) PricewaterhouseCoopers (PWC)		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements	-	170,000
<i>(ii) Taxation services</i>		
Taxation compliance services	<u>-</u>	<u>45,380</u>
Total remuneration of PWC audit firms	<u>-</u>	<u>215,380</u>
Total auditors' remuneration	<u>206,000</u>	<u>215,380</u>

19. Contingent assets and liabilities

There were no contingent assets or contingent liabilities at 30 June 2014 (30 June 2013: nil).

20. Commitments

Lease commitments: Group as lessee

The Group leases office facilities in Sydney and Melbourne under operating leases. The property lease for the Group's registered address at Level 4, 1 Alfred Street Sydney is a non-cancellable lease with a 4 year term, with rent payable monthly. Contingent rental provisions within the lease agreement require minimum lease payments to be increased by 4% per annum. The property lease agreement in Melbourne has expired and the property is currently being leased on a month to month basis, with rent payable monthly in advance.

	2014	2013
	\$	\$
Not later than one year	120,846	182,122
Later than one year but not later than five years	<u>191,034</u>	<u>369,476</u>
Aggregate lease expenditure contracted at reporting date	<u>311,880</u>	<u>551,598</u>

21. Related party transactions

(a) Parent entity

The ultimate parent entity is Aurora Funds Limited, which owns 100% of all the controlled entities.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(b). All subsidiaries are incorporated in Australia.

Name of entity	Class of shares	Equity holding	
		2014 %	2013 %
Aurora Funds Management Limited	Ordinary	100.0	100.0
Fortitude Capital Pty Limited	Ordinary	100.0	100.0

(c) Key Management Personnel

Directors holdings

Directors' holdings in managed schemes for which Aurora Funds Management Limited and Controlled Entities is responsible entity ("RE"):

As at the date of this report the direct/indirect interests of the Directors of the consolidated entity in the Trusts were as follows:

2014

Unitholder	No. of units held opening	No. of units held closing	Fair value of investment	No. of units acquired	No. of units disposed	Distributions paid/ payable by the Fund
J Corr & associates	252,853	268,463	\$241,644	15,525	-	\$14,614
S Lindsay & associates	116,661	145,091	\$130,969	28,429	-	\$7,215
S Morgan & associates	19,647	12,432	\$31,825	1,785	9,000	\$3,259

2013

Unitholder	No. of units held opening	No. of units held closing	Fair value of investment	No. of units acquired	No. of units disposed	Distributions paid/ payable by the Fund
Richard Matthews	205	-	-	-	(205)	-
J Corr & associates	235,853	252,938	\$234,094	17,085	-	\$15,052
S Lindsay & associates	7,864	116,661	\$107,970	108,797	-	\$3,555
S Morgan & associates	17,877	19,647	\$38,720	1,770	-	\$3,149

(d) Transactions with managed funds

All transactions with the Group and its subsidiary entities as the responsible entities of managed funds have been at market value on normal commercial terms and conditions. In accordance with the Fund's constitution, the Responsible Entity/Trustee received fees of \$4,112,584 (2013: \$3,309,028) for the provision of responsible entity/Trustee and asset management services to the funds.

(e) Investment in managed funds

As at 30 June 2014, the Group did not hold any units in Managed Funds related to the consolidated group.

21. Related party transactions (continued)

(f) Related party transactions

During the year ended 30 June 2013, the Group transferred some of its registry business to Registry Direct (formerly known as Shareandfund Pty Ltd), an entity part owned by one of the directors, Ian Steuart Roe and an employee of Aurora Funds Management Limited, Binh Le. As a result, the Group became entitled to a 10% equity interest in Registry Direct. The investment in Registry Direct does not have a quoted market price in an active market and its fair value cannot be reliably measured, and has been measured at cost. The cost of Registry Direct was nil.

(g) Transactions between parent entity and other related parties within the same consolidation group

The ultimate parent entity within the Group is Aurora Funds Limited, which owns 100% of all the controlled entities.

During the year, the transactions with parent entity and the other related entities, which are the subsidiaries of the same parent entity are listed as follows:

	Aurora Funds Management loan to Aurora Funds Limited	Fortitude loan to Aurora Funds Management	Fortitude loan to Aurora Funds Limited
2014			
Beginning of the year	841,508	128,899	925,000
Loan repaid	(841,508)	(128,899)	(925,000)
	-	-	-
2013			
Beginning of the year	1,065,652	128,899	925,000
Loan advanced	-	0	0
Loan repaid	(224,144)	0	0
	841,508	128,899	925,000

The Group has a subordinate debt agreement with Aurora Funds Management Limited, one of the controlled entities, with a total lending amount of \$1 million for 5 years. Interest payment of \$83,369 (2013: \$93,678) was made by Aurora Funds Management Limited during the year.

22. Reconciliation of profit after income tax to net cash flow from operating activities

	2014	2013
	\$	\$
Profit/(loss) from ordinary activities after income tax	866,723	(508,403)
<i>Adjustment of non-cash items from operating activities:</i>		
Depreciation	12,655	32,219
Share base payment	-	500,000
Decrease/(Increase) in deferred income tax	(563,241)	-
<i>Non cash flows in loss/(profit) from ordinary activities:</i>		
Changes in assets and liabilities:		
Decrease/(increase) in receivables	809,964	(860,050)
Decrease/(increase) in prepayments	66,760	(16,618)
Increase/(Decrease) in payables	(139,706)	751,406
Net cash flows from operating activities	1,053,155	(101,446)

23. Earnings per share

	2014 Cents per share	2014 \$	2013 Cents per share	2013 \$
Basic earnings per share attributable to the ordinary equity holders of the Group	8.00	866,723	(5.68)	(508,403)
Total diluted earnings per share attributable to the ordinary equity holders of the Group	8.00	866,723	(5.68)	(508,403)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		10,820,137		8,945,997

24. Share based payment

On 5 May 2010, the Group agreed to issue an additional 750,000 shares to John Corr, or his associates, at a consideration of \$1,500,000 on the third anniversary of the acquisition date of Fortitude Capital Pty Limited, subject to John Corr not resigning before that date. The shares were issued on 12 July 2013. The cost of these shares has been expensed each year on a straight line basis for the financial years ending 30 June 2011, 2012 and 2013 at \$500,000 per annum.

25. Parent entity financial information

(a) Summary financial information

The individual financial information statements for the parent entity show the following aggregate amounts:

	2014 \$	2013 \$
Balance Sheet		
Current assets	1,136,717	1,001,920
Non-current assets	12,785,006	-
Total assets	<u>13,921,723</u>	<u>6,162,067</u>
Current liabilities	(21,192)	(1,790,569)
Non-current liabilities	(8,746,398)	-
Total liabilities	<u>(8,767,590)</u>	<u>(1,790,569)</u>
Shareholders' equity		
Issued capital	17,088,649	15,014,674
Share-based payments	-	1,500,000
	<u>17,088,649</u>	<u>16,514,674</u>
Profit or loss for the year	<u>626,076</u>	<u>(365,129)</u>
Total comprehensive income	<u>626,076</u>	<u>(365,129)</u>

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(c) Contractual commitments for operating lease

As at 30 June 2014, the parent entity rental lease commitments for the lease of a Sydney office to 31 December 2016. The contractual commitments totalling \$311,880 (30 June 2013 \$525,408).

26. Events occurring after the reporting period

Other than the dividend declared as set out in Note 7, no other matter or circumstances have arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Directors' declaration

The Directors of the Group declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2(a) to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- (d) the directors have been given the declarations required by s. 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors of the Group made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors of the Group, Aurora Funds Limited.



Ian Stewart Roe
Managing Director
17 September 2014

Independent Auditor's Report to the Members of Aurora Funds Limited

We have audited the accompanying financial report of Aurora Funds Limited (“the Company”) which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity, comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year as set out on pages 17 to 41.

Directors’ Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company’s preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Aurora Funds Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's consolidated financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

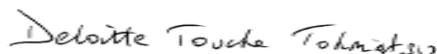
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' Report for the year ended 30 June 2014. 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.

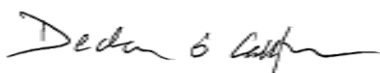
Opinion

In our opinion the Remuneration Report of Aurora Funds Limited and Controlled Entities for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 17 September 2014

Shareholder Information

Distribution of shareholders

Category (size of holding)	Number of shareholders	Shares	Percentage
1 – 1,000	50	45,550	0.42
1,001 – 5,000	178	348,135	3.17
5,001 – 10,000	16	125,296	1.14
10,001 – 100,000	30	1,205,802	10.99
100,001 and over	18	9,246,714	84.28
	<u>292</u>	<u>10,971,497</u>	<u>100.00</u>

Top 20 Shareholders as at 17 September 2014

The names of the 20 largest holders of ordinary securities as at 17 September 2014 are as follows:

Name	Number of shares	%
Keybridge Capital Limited	1,634,700	14.90
Knoxy Holdings Pty Ltd	1,150,000	10.48
Trafalgar Street Nominees	858,770	7.83
Mr Oliver John Morgan	674,999	6.15
Taycol Nominees Pty Ltd	648,500	5.91
J P Morgan Nominees Australia Limited	651,804	5.94
Mr Ian Steuart Roe	524,806	4.78
Mr John Frederick Corr	500,000	4.56
Hugh Latimer & Company Pty Ltd	480,000	4.37
Mr Simon A Lindsay	338,501	3.09
RGM Super Pty Ltd	312,500	2.85
S & N Lindsay Investments Pty Ltd	312,500	2.85
Ms Jeni Lulevska	243,730	2.22
Dinwoodie Investments Pty Ltd	225,103	2.05
Mr Peter Frederick Phillips	223,000	2.03
BT Portfolio Services Limited	200,000	1.82
A D Family Pty Ltd	157,801	1.44
Calama Holdings Pty Ltd	120,000	1.09
Octifil Pty Ltd	99,218	0.90
HSBC Custody Nominees (Australia) Limited	96,034	0.88
	<u>9,451,966</u>	<u>86.15</u>

Substantial Holders

Shareholder	Number of shares	%
Keybridge Capital Limited	2,183,200	19.85
Mr John Frederick Corr and related parties	1,744,252	15.90
Mr Ian Steuart Roe and related parties	1,627,306	14.83
Mr Simon Angus Lindsay and related parties	687,001	6.26
Mr Oliver John Morgan	674,999	6.15
Noontide Investments Ltd	564,812	5.10

Voting Rights

At a general meeting of shareholders, each shareholder in person or proxy are entitled to one vote for each share held.

At any general meeting, resolutions are to be decided on a show of hands unless a poll is requested by at least five shareholders entitled to vote on the resolution, by shareholders entitled to cast at least 5% of the votes that may be cast on the resolution or by the chair.

2014 Annual General Meeting

The Annual General Meeting will be held at Aurora Funds Limited, Level 4, 1 Alfred Street Sydney at 11am on 18 November 2014. Details of all resolutions being put to shareholders will be distributed prior to the meeting.