

# **Acumentis Group Limited**

ABN 50 102 320 329

Annual financial statements  
30 June 2021



---

## ANNUAL FINANCIAL REPORT – 30 JUNE 2021

---

Directors' report .....	2
Remuneration Report – audited.....	9
Auditor's independence declaration.....	17
Consolidated statement of profit or loss and other comprehensive income .....	18
Consolidated statement of financial position .....	19
Consolidated statement of changes in equity.....	20
Consolidated statement of cash flows .....	21
Notes to the consolidated financial statements .....	22
How numbers are calculated.....	23
Risk .....	44
Group structure .....	50
Unrecognised items.....	55
Other information .....	58
Directors' declaration.....	74
Independent auditor's report to the members .....	75
ASX additional information .....	80



## DIRECTORS' REPORT

The Directors present their report together with the financial report of the Consolidated Entity, being Acumentis Group Limited ("the Company") and its controlled entities, for the year ended 30 June 2021 and the auditor's report thereon.

### Directors & Company Secretary

The Directors & Company Secretaries of the Company in office at any time during or since the end of the financial year are:

Officer & Positions Held	Qualifications and Experience	Directorships of Other Listed Entities in Last 3 Years
<b>Keith Perrett</b> Independent Director  Chair of the Board 25/05/18 – current  Non-Executive director 01/02/18 – current  Audit & Risk Committee 22/02/18 – 21/11/19 21/02/21 – 22/04/21  Nominations & Remuneration Committee 22/02/18 – 21/11/19 21/02/21 – 22/04/21  Chair of Nominations & Remuneration Committee 25/05/18 – 21/11/19	Keith Perrett brings to the board strong experience in strategy development, government relations, stakeholder engagement and business development. He also has a strong business and government network, particularly within New South Wales & Queensland.  He is currently Non-Executive Chairman of Silver Mines Ltd (ASX:SVL) and has previously held positions as the Chairman of the Grains Research and Development Corporation (GRDC), the National Rural Advisory Council (NRAC), the Wheat Research Foundation (WRF), and President of the Grains Council of Australia.	Silver Mines Ltd 21/06/16 - current
<b>Patrice Sherrie</b> Independent Director  Non-Executive director 01/11/20 – current  Audit & Risk Committee 01/11/20 – current  Chair of Audit & Risk Committee 01/11/20 – current  Nominations & Remuneration Committee 01/11/20 – current	Patrice is an experienced executive and director with over 35 years' experience in chartered accounting and commerce. She has diverse industry experience including property, infrastructure, finance, childcare, retail and the arts.  Patrice sits on several different Boards including City of Brisbane Investment Corporation Pty Ltd, Brisbane Sustainability Agency, Andersen's Floor Coverings, Millova and two not for profit organisations. Patrice provides considered input around the board table and offers refined governance skills; finance and accounting skills and the ability to elevate the profile of the organisation via her well-developed networks across property, finance and government.  Patrice brings energy, commitment and a strong work ethic to companies she is involved with. She has held senior executive roles in growing businesses so understands the challenges and how to develop strategies to grow businesses.  Patrice brings years of experience as a director to any appointment and has been the Chair or member of a number of sub committees.	None



Officer & Positions Held	Qualifications and Experience	Directorships of Other Listed Entities in Last 3 Years
<b>Andrea Staines</b> Independent Director Non-Executive director 26/09/19 - current Chair of Nominations & Remuneration Committee 21/11/19 – current Audit & Risk Committee 21/11/19 – current	<p>Andrea Staines OAM has been a professional Non-Executive Director for over a decade and is currently on the boards of ASX-listed SeaLink Travel, UnitingCare and Australia Post.</p> <p>Her former Board roles include NDIA (the NDIS Agency), Tourism Australia, QIC, ASX-listed Aurizon, Australian Rail Track Corporation (ARTC), Gladstone Ports, North Queensland Airports, Goodstart Early Learning, NZX-listed Freightways, and ASX-listed Early Learning Services.</p> <p>Andrea is a former CEO of Australian Airlines (mark II), a Qantas subsidiary flying between Asia and Australia, which she co-launched. During this time, she was also a member of the Qantas Executive Leadership Team. Prior to this, Andrea ran Qantas Revenue Management, leading a 150-strong team employing operations research algorithms and human intervention to optimize passenger revenue.</p> <p>Before joining Qantas, Andrea worked in various financial and strategy roles with American Airlines at their Dallas headquarters.</p> <p>Andrea has an MBA focused on finance from the University of Michigan, a Bachelor of Economics from the University of Queensland, and completed high school on full scholarship at the United World College in Singapore. Andrea is a Fellow of the Australian Institute of Company Directors (AICD) and a Member of Chief Executive Women (CEW).</p>	SeaLink Travel Group Limited 15/02/16 - current
<b>Timothy Rabbitt</b> Managing Director Executive director 10/12/20 - current	<p>Tim has worked with Acumentis since 1992 (then Taylor Byrne) and been in the CEO role since September 2019.</p> <p>Tim led Taylor Byrne from 2013 until the merger with LMW in 2019 and was instrumental in the transition of the company from a partnership into a corporate structure.</p> <p>As CEO Acumentis Tim holds overall responsibility for the management of the business, including risk management, governance, strategic planning and financial management. He has worked across the commercial, industrial and specialised rural property sectors throughout Queensland, the Northern Territory, New South Wales and Western Australia.</p> <p>A Certified Practising Valuer, Tim specialises in litigation and acquisition matters and has been involved in numerous gas, mining and powerline easement acquisition projects throughout Queensland and New South Wales. He has regularly acted as an Expert Witness in various courts, and been involved in negotiations for the acquisition of properties for roads, rails, dams, mines, powerline and gas and water pipeline easements, and gas infrastructure.</p> <p>Tim has served as the Queensland President of the Australian Property Institute, is a member of the Valuation Board of Review for the Northern Territory, the Royal Institute of Chartered Surveyors, the International Right of Way Association, and the Australian Institute of Company Directors.</p>	None



Officer & Positions Held	Qualifications and Experience	Directorships of Other Listed Entities in Last 3 Years
<b>Les Wozniczka</b> Non-Executive Director 13/04/21 – current  Nominations & Remuneration Committee 22/04/21 – current  Audit & Risk Committee 22/04/21 – current	<p>Les Wozniczka has been an active private investor since retiring as Chief Executive of Futuris Corporation in 2008 and currently holds a 12.46% stake in Acumentis Group Limited.</p> <p>He has been a director of public companies and is experienced in the management of regulated entities.</p> <p>Prior to Futuris Corporation, Les was a founding shareholder in Corporate Governance International, a partner in The Partners Group offering corporate advice, a Potter Partners partner and investment banker and international currency and bond manager.</p> <p>Les has an MBA and BSc (Psych) from UNSW and DipEd from the University of Adelaide.</p>	None
<b>Bradley Piltz</b> Executive Director 26/09/02 – 30/04/14  Non-Executive Director 01/05/14 – 21/02/21  Nominations & Remuneration Committee 26/09/02 – 21/02/21  Audit & Risk Committee 26/09/02 – 25/5/18 12/03/19 – 21/02/21	<p>Brad has been involved in financial and property markets since 1975 and was a co-founder of Acumentis Group.</p> <p>In addition to extensive experience with the Commonwealth Bank, Brad has acted for major corporations and government instrumentalities providing advice from portfolio analysis to property acquisition, disposal and tenancy requirements.</p> <p>Brad has acted in court as an expert witness; is highly experienced in rental determinations; prepared educational valuation materials; lectured in valuation; and appeared on Sydney radio and television providing property market commentary.</p> <p>He is a fellow of the Australian Property Institute and a member of the Australian Institute of Company Directors.</p>	None
<b>Stephen Maitland</b> Independent Director  Non-Executive director 01/02/18 – 28/10/20  Audit & Risk Committee 22/02/18 – 28/10/20  Chair of Audit & Risk Committee 25/05/18 – 28/10/20  Nominations & Remuneration Committee 22/02/18 – 28/10/20	<p>Stephen Maitland OAM RFD has over 45 years' experience in the banking and finance industries, and as a non-executive director of several listed and unlisted companies.</p> <p>He is the principal of Delphin Associates, a business consultancy firm specialising in strategic planning, risk management, corporate governance and business transition.</p> <p>Stephen has a degree in Economics and Masters' degrees in Business and Law. He is a Fellow of the Australian Institute of Company Directors, CPA Australia; the Governance Institute of Australia; and a Senior Fellow of the Financial Services Institute of Australia.</p>	None
<b>John Wise</b> Company Secretary 27/09/16 – current	<p>John joined Acumentis in September 2016 as Chief Financial Officer and Company Secretary.</p> <p>John has had extensive experience in the property services sector having previously held the position of CFO &amp; Company Secretary at Savills from 1999 until 2016.</p> <p>John trained with Price Waterhouse in the UK and also worked in Hungary before emigrating to Australia in 1990.</p> <p>John has a Bachelor of Science, Honours Degree in Mathematics and is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).</p>	None



## Directors Meetings

The number of directors' meetings held, and the number of meetings attended by each of the directors (when a director) of the Company during the financial year were as follows:

Director	Board		Audit & Risk Committee		Nominations & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Keith Perrett	15	15	-	-	-	-
Stephen Maitland	6	6	1	1	1	1
Brad Piltz	10	10	2	2	3	3
Andrea Staines	15	13	3	3	4	4
Patrice Sherrie	9	9	2	2	3	3
Timothy Rabbitt	8	8	-	-	-	-
Les Wozniczka	4	4	1	1	1	1

## Company particulars

Acumentis Group Limited is incorporated in Australia.

The address of the registered office is Level 7, 283 Clarence Street, Sydney, NSW 2000.

## Corporate Governance Statement

Acumentis Group Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Acumentis Group Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement is dated as at 30 June 2021 and reflects the corporate governance practices in place at the end of the 2021 financial year. The 2021 Corporate Governance Statement was approved by the board on 5 August 2021 and can be viewed at

<https://www.acumentis.com.au/investor-center/corporate-governance/>

## Principal activities

The principal activity of the Consolidated Entity during the course of the financial year was property valuation. There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

## Review of operations

	Year ended 30 June 2021 \$000s	Year ended 30 June 2020 \$000s	Increase/ (Decrease) \$000s	% Change
<b>Revenue</b>				
Continuing operations	43,639	37,970	5,669	14.9%
Businesses acquired during the year	410	-	410	100.0%
Government grant income	2,320	1,315	1,005	76.4%
	46,369	39,285	7,084	18.0%
<b>Profit before tax</b>				
Continuing operations	2,615	(2,532)	5,147	203.3%
Businesses acquired during the year	(106)	-	(106)	(100.0%)
Acquisition costs expensed	(5)	-	(5)	(100.0%)
Impairment of intangibles	(11,904)	-	(11,904)	(100.0%)
Impairment of right of use assets	(131)	(497)	366	73.6%
	(9,531)	(3,029)	(6,502)	(214.7%)
<b>Income tax benefit / (expense)</b>	(157)	474	(631)	(133.1%)
<b>Net (Loss) / Profit after tax from continuing operations</b>	(9,688)	(2,555)	(7,133)	(279.2%)

The results for the year ended 30 June 2021 reflect the business continuing its rebuilding following the cyber-attacks in 2019 with a 14.9% uplift in revenue from continuing operations to \$43.6M.

Effective 1 April 2021, the Company acquired the business and assets of Saunders & Pitt, a Tasmanian based valuation business, which expanded the Company's operations and added \$410K to revenue.

The Company delivered an operating profit from continuing operations of \$2.6M compared to an operating loss of \$2.5M for the previous financial year reflecting a \$5.1M turn-around.

The Company generated \$5.5M from operating cashflows and \$4.1M after payment of leases. This allowed the Company to retire a further \$1.3M of term debt during the year.

As a result of the cessation of providing services under a material government contract, the customer relationship intangible asset and goodwill associated with that business line have been fully written down resulting in non-recurring, non-cash impairment charges of \$11.9M.

Whilst the Company was successful in sub-letting its surplus leased office space in the Sydney CBD, the lower rental achieved resulted in a further impairment of the right of use asset of \$131K. The result for the year ended 30 June 2021 includes the following significant items:

### Income

- Government grants received 2,320,041

### Expenses

- Impairment of customer relationship intangible assets 10,000,000
- Impairment of goodwill 1,904,038
- Redundancy and termination costs 244,975
- Cyber-attack non-recurring response costs 201,721
- Impairment of right of use assets 131,083



## **Business Overview**

As the Company completed its recovery from the 2019 cyber-attacks, it has achieved significant revenue growth via reinstatement of financial institution valuation panels, geographical expansion and diversification of services.

Based on year on year revenues, the Company has seen 15% growth in its residential valuations business, 64% growth in its commercial valuations business, 37% growth in its regional valuations business and 79% growth in its advisory service business. We anticipate further growth across these business lines through the coming financial year flowing from our continued investment in people, IT systems, marketing and geographic expansion.

The statutory services (government) business saw a decline of 14% and due to the cessation of providing services under a material government contract this business line has been restructured in June 2021 to reduce its cost base and focus on the provision of high quality services to existing and new Federal & State Government clients.

Effective 1 July 2021, the Company acquired the remaining 57.8% of Acumentis (WA) Holdings Pty Ltd, its Western Australian associated company and will consolidate the results of this business in FY2022. This business will add \$7-8M of revenue to the consolidated results. The business is already tightly integrated utilising the same valuation management and IT systems and makes use of Acumentis' shared services.

## **Outlook**

With the acquisition "Saunders & Pitt" in Tasmania, the balance of Acumentis (WA) Holdings Pty Ltd, the continued geographic expansion in Southern NSW and regional Victoria and the establishment of sub-contract arrangements with Acumentis branded entities in South Australia and south west Western Australia, Acumentis is now able to provide services to its clients across the whole of Australia via a single wholly owned entity.

We continue to see high levels of demand for our services driven by buoyant lending activity for both new loans and refinancing. This is supported by historically low interest rates which we anticipate will remain low for the foreseeable future. We expect the strong property market to continue in the medium term and demand for our services to remain high. However, should the current COVID outbreaks continue for an extended period, then revenues could be adversely impacted.

With the geographical and services expansion, and the acquisition of the balance of our WA affiliate, we are well positioned to achieve ongoing revenue growth in FY2022. We are planning further significant investment to support the business growth and deliver future profitability.

We anticipate that our revenues will continue to grow through FY2022 towards our medium term expectation of \$60M+ per annum. FY2022 operating margins are expected to be similar to FY2021 (before the one off impairment charges), however, profits are likely to be lower in the first half due to the ongoing investment in the business.

## **Dividends**

The Board has not declared any dividends with respect to FY21 (FY20: none)

No dividends were paid by the Company since the end of the previous financial year.



### **Events subsequent to the end of the reporting period**

Effective 1 July 2021, the Company acquired the remaining 57.8% of issued shares in Acumentis (WA) Holdings Pty Ltd thereby taking its holding to 100%.

On 22 July 2021, the Company entered into a sub-lease for its surplus office space which will result in the de-recognition of the right of use asset, the recording of a lease receivable and the recognition of a profit on the de-recognition of the right of use asset.

For further details of these subsequent events, refer to note 17.

There were no other significant events subsequent to the end of the reporting period.

### **State of affairs**

There have been no significant changes in the state of affairs of the Consolidated Entity that occurred during the year under review.

### **Likely Developments**

Refer to the Outlook included in this Directors' Report above.

### **Environmental regulation**

The operations of the Consolidated Entity are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## REMUNERATION REPORT – AUDITED

### Nominations & Remuneration Committee

A major role of the Nominations & Remuneration Committee is to ensure that the remuneration policies and outcomes achieve an appropriate balance between the interests of Acumentis Group shareholders and rewarding and motivating executives and employees in order to achieve their long-term commitment to the Consolidated Entity. The committee meets as required but generally at least twice per year. The members of the Nominations & Remuneration Committee during the year were:

Name	Independent	Non-executive
<b>Past members</b>		
Stephen Maitland (Member until 28 October 2020)	Y	Y
Brad Piltz (Member until 21 February 2021)	N	Y
Keith Perrett (Member from 21 February 2021 until 22 April 2021)	Y	Y
<b>Current members</b>		
Andrea Staines (Member & Chair)	Y	Y
Patrice Sherrie (Member from 1 November 2020)	Y	Y
Leslie Wozniczka (Member from 22 April 2021)	N	Y

### Remuneration strategy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

The remuneration of the Consolidated Entity's senior executives includes a mix of fixed components and performance-based incentives comprising short term incentives ("STI's") and long term incentives ("LTI's").

Component	Settled	How Measured
Fixed	Cash	Market rates, reviewed annually.
STI	Cash	The performance of the Consolidated Entity and the individual performance of the executives based on achievement of specific key performance indicators (KPI's) which include financial and non-financial targets. STI's and the associated KPI's are reviewed and set annually with STI payments, if any, being made post finalisation of the annual external audit.
LTI	Share Based	The performance of the Consolidated Entity and the individual performance of the executives. The performance of the Consolidated Entity is based on total shareholder return and earnings per share. LTI's have a minimum period of 3 years and are forfeited if the executive ceases to be employed by the Consolidated Entity.

The board considers that the performance-based incentive is appropriate as it directly aligns the individuals reward with the Consolidated Entity's performance.

In considering the Consolidated Entity's performance, the board has regard to the following indices in respect of the current financial year and previous years.

	<b>2021</b> <b>\$000</b>	<b>2020</b> <b>\$000</b>	<b>2019</b> <b>\$000</b>	<b>2018</b> <b>\$000</b>	<b>2017</b> <b>\$000</b>
Revenue from rendering services	<b>44,043</b>	<b>36,666</b>	<b>41,493</b>	<b>42,452</b>	<b>24,472</b>
EBITDA	<b>4,902</b>	<b>(38)</b>	<b>(1,612)</b>	<b>6,557</b>	<b>2,684</b>
Net (loss) / profit to equity holders of the Company	<b>(9,688)</b>	<b>(2,555)</b>	<b>(15,148)</b>	<b>4,140</b>	<b>1,626</b>
Earnings / (loss) per share (cents)	<b>(6.19)</b>	<b>(1.76)</b>	<b>(18.36)</b>	<b>5.44</b>	<b>5.00</b>

The factors that are considered to affect total shareholders return are summarised below.

	<b>2021</b> <b>\$000</b>	<b>2020</b> <b>\$000</b>	<b>2019</b> <b>\$000</b>	<b>2018</b> <b>\$000</b>	<b>2017</b> <b>\$000</b>
Dividends declared (per share)	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.046</b>	<b>\$0.045</b>
Share price at the end of the period	<b>\$0.115</b>	<b>\$0.080</b>	<b>\$0.180</b>	<b>\$0.555</b>	<b>\$0.625</b>

Non-executive directors are paid an annual fee for their service on the board and committees which is determined by the Nominations & Remuneration Committee. Aggregate remuneration for all non-executive directors is not to exceed \$400,000 per annum as approved by the shareholders. Non-executive directors' aggregate salary & fees for the year were \$309,486. These fees include statutory superannuation. Non-executive directors do not receive bonuses nor are they entitled to be issued with options or performance rights on securities in the Consolidated Entity. Non-executive directors do not receive any retirement benefits other than statutory superannuation payments. Non-executive directors do not receive separate fees for committee memberships.

The Consolidated Entity has a policy that prohibits those that are granted share-based payments as part of their remuneration from being compensated for changes in value of the underlying securities.

## Directors' and senior executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each member of key management personnel are:

Name	Year							Total	Performance related <sup>8</sup>	Share based
		Short term		Post-employment		Long term		\$	%	%
		Salary & Fees \$	STI (b) \$	Super-annuation benefits \$	Termination benefits \$	Movement in long term benefits \$	Share based payments \$			
Non-executive directors										
K Perrett	2021	120,000	-	-	-	-	-	120,000	-	-
	2020	120,000	-	-	-	-	-	120,000	-	-
S Maitland <sup>1</sup>	2021	21,236	-	-	-	-	-	21,236	-	-
	2020	65,000	-	-	-	-	-	65,000	-	-
B Piltz <sup>2</sup>	2021	39,954	-	3,796	-	-	-	43,750	-	-
	2020	58,219	-	5,531	-	-	-	63,750	-	-
A Staines <sup>3</sup>	2021	61,187	-	5,813	-	-	-	67,000	-	-
	2020	43,836	-	4,164	-	-	-	48,000	-	-
P Sherrie <sup>4</sup>	2021	39,498	-	3,752	-	-	-	43,250	-	-
	2020	-	-	-	-	-	-	-	-	-
L Wozniczka <sup>5</sup>	2021	14,250	-	-	-	-	-	14,250	-	-
	2020	-	-	-	-	-	-	-	-	-
Executive directors										
T Rabbitt <sup>6</sup>	2021	223,761	-	12,636	-	5,572	21,663	263,632	15%	-
	2020	-	-	-	-	-	-	-	-	-
C Coonan <sup>7</sup>	2021	-	-	-	-	-	-	-	-	-
	2020	-	-	10,501	196,794	-	-	207,295	-	-
Other key management personnel										
T Rabbitt <sup>6</sup>	2021	172,199	82,192	10,847	-	4,457	9,336	279,031	15%	-
	2020	360,139	55,773	21,003	-	22,381	-	459,296	12%	-
J Wise	2021	262,365	41,096	25,000	-	1,643	-	330,104	12%	-
	2020	241,103	45,662	23,820	-	1,313	-	311,898	15%	-

1 Resigned 28 October 2020

2 Resigned 21 April 2021

3 Appointed 26 September 2019

4 Appointed 1 November 2020

5 Appointed 13 April 2021

6 Appointed CEO 12 March 2019 and Managing Director 10 December 2020

7 Resigned 12 March 2019 however termination benefits paid 18 October 2019

8 Where an individual appears in more than one category, the remuneration disclosed in each category refers to amounts received during the period in which the individual was included in that category. However, the performance relates pay % reflects the total remuneration for the financial year regardless of the individual's categorisation.

## Notes in relation to the table of directors' and executive officers' remuneration

### (a) Analysis of options & performance rights included in remuneration

#### Option & Performance Rights – Share Based Payments

The directors at their discretion allocate share options or performance rights that entitle key management personnel and senior employees to be issued shares in the entity. The terms of the options including vesting conditions and performance criteria vary depending upon the incentive arrangements appropriate for key management personnel and senior employees and are a part of an approved Employee Share Acquisition Scheme, which was approved by shareholders at the 2018 Annual General Meeting.



## Options

There were no options held by key management personnel outstanding at the date of this report (2020: nil).

## Performance Rights

Performance rights may be granted under the Acumentis Group Performance Rights and Option Plan which was approved by shareholders at the 2018 Annual General Meeting. The Plan allows the Company to grant options or rights to selected key employees to acquire ordinary shares in the Company. Participants are required to satisfy performance and service conditions at the time of the offer. The exercise price for performance rights is nil. Rights cannot be transferred and are not quoted on the ASX.

1,000,000 performance rights were granted to the Chief Executive Officer on 15 October 2020.

These performance rights have the following vesting conditions:

*Service Condition* – the CEO must remain employed for 3 years (to finalisation of FY23 audit of the financial statements). If the service condition is not met, none of the performance rights will vest.

*Market Condition* – 50% or 500,000 performance rights will vest if the total shareholder return (“TSR”) for Acumentis is at least equal to the TSR for the ASX300 for the period 1 July 2020 to 30 June 2023.

*Performance Condition* – the remaining 500,000 performance rights will vest pro-rata based on the earnings per share of Acumentis Group Limited being between 2.4 cents and 3.2 cents for the year ended 30 June 2023.

The Board has the discretion to adjust the number of rights that ultimately vest and/or the service condition period if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the measurement period.

The Board has discretion to determine that some or all unvested rights held lapse on a specified date if allowing the rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the rights holder. Such circumstances would include joining a competitor or actions that harm the Company’s stakeholders.

In the case of fraud or misconduct, all unvested rights will be forfeited.

There are 1,000,000 performance rights on issue as at 30 June 2021 (2020: nil).

## Vesting and exercise of performance rights issued during prior years

No performance rights vested during the year ended 30 June 2021 (2020: none).

## (b) Analysis of short term incentives included in remuneration

Short-term incentive cash payments were awarded to the CEO Timothy Rabbitt and CFO John Wise.

The performance-based component for the CEO is a cash payment based on both financial and non-financial KPI’s and qualitative assessment of performance.

The performance-based component for the CFO is a cash payment based on non-financial KPI's and qualitative assessment of performance.

Director / Key Management Personnel	Vesting date	Cash STI Paid / Payable	Cash STI Forfeited	Financial Year the cash STI was paid / is payable
Timothy Rabbitt	30 June 2021	79%	21%	2022
John Wise	30 June 2021	78%	22%	2022

### Contracted Commitment

Timothy Rabbitt (CEO) and John Wise (CFO) are employed by the Company under ongoing employment contracts. The notice periods and termination payments provided for under these contracts are as follows:

Director / Key Management Personnel	Notice Period Months	Termination Payment \$
Timothy Rabbitt	6	200,000
John Wise	3	68,750

The termination payments are not provided for in the financial statements.

### Beneficial interest of directors and key management personnel in shares & options

#### Movement in shareholdings

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly, or beneficially by each director or key management person including their personally related entities is as follows:

2021	Held at 1 July 2020	Purchases / (Sales)	Amendment to Beneficial Holdings <sup>1</sup>	Appointment / (Retirement) from Board	Held at 30 June 2021
<b>Non-Executive Directors</b>					
Brad Piltz	6,029,773	-	(592,553)	(5,437,220)	-
Stephen Maitland	164,337	-	-	(164,337)	-
Keith Perrett	-	418,577	-	-	418,577
Andrea Staines	-	-	-	-	-
Patrice Sherrie	-	-	-	-	-
Les Wozniczka	-	-	-	19,810,755	19,810,755
<b>Executive Directors</b>					
Timothy Rabbitt	-	88,889	-	1,374,590	1,463,479
<b>Key Management Personnel</b>					
Timothy Rabbitt	1,504,590	(130,000)	-	(1,374,590)	-
John Wise	125,000	97,515	-	-	222,215

1. Historically, Brad Piltz' holdings included shares held by his spouse and adult children. During the year Brad Piltz re-evaluated the definition of "relevant interests" in sections 608 & 609 of the Corporations Act 2011 and now considers that he is not in a position to exercise control of voting nor disposal of these shares and accordingly now considers these holdings do not constitute "relevant interests" and accordingly these shares have now been excluded from his beneficial holdings.

2020	Held at 1 July 2019	Purchases	Sales	Appointment / (Retirement) from Board	Held at 30 June 2020
<b>Non-Executive Directors</b>					
Brad Piltz	4,501,284	1,528,489	-	-	6,029,773
Stephen Maitland	91,298	73,039	-	-	164,337
Keith Perrett	-	-	-	-	-
Andrea Staines	-	-	-	-	-
<b>Key Management Personnel</b>					
Timothy Rabbitt	735,883	768,707	-	-	1,504,590
John Wise	-	125,000	-	-	125,000

The executive officers named are those who are directly accountable and responsible for the strategic direction and operational management of the Consolidated Entity. The Directors are of the opinion that only the executive officers detailed above meet the definition of key management personnel as set out in AASB 124 Related Party Disclosures.

### Transactions with Director-Related Entities

The Consolidated Entity did not enter into any transactions with any director-related entities, except for payment of non-executive directors' fees to some directors, in either of the years ended 30 June 2020 or 30 June 2021.

## END OF REMUNERATION REPORT

### Proceedings on behalf of the consolidated entity

During the financial year and in the interval between the end of the financial year and the date of this report the Consolidated Entity has made no application for leave under Section 237 of the *Corporations Act 2001*.

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

### Directors' Interests

The relevant interest of each director in the shares issued by the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary Shares
Keith Perrett	418,577
Andrea Staines	-
Patrice Sherrie	-
Timothy Rabbitt	1,463,479
Les Wozniczka	19,810,755



## **Share Options**

### **Shares under option**

There were 2,500,000 unissued ordinary shares of Acumentis Group Limited under option at the date of the report (2020: 2,500,000). Refer to note 7 for further details.

### **Shares issued on exercise of options**

There were no options exercised during the year (2020: Nil).

## **Indemnification and Insurance of officers and auditors**

### **Officers**

The Consolidated Entity has agreed to indemnify all current Directors of Acumentis Group Limited to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as an officer of the Consolidated Entity other than:

- a liability owed to the Consolidated Entity or a related body corporate of the Company;
- a liability for a pecuniary penalty order under section 1317G of the Law or a compensation order under section 1317H of the Law; or
- a liability owed to a person other than the Consolidated Entity that did not arise out of conduct in good faith.

Since the end of the previous financial year, the Consolidated Entity has paid premiums in respect of Directors and Officers liability insurance, for all past, present, or future directors, secretaries, officers or employees of the Consolidated Entity. Conditions of the Insurance policy restrict disclosure of the premium amount.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Further details of insurance policies have not been disclosed as the policies prohibit such disclosure.

### **Auditors**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a third-party liability incurred by the auditor.

During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## **Rounding of Amounts**

The Consolidated Entity has applied the relief available under ASIC Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Auditors Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the financial year ended 30 June 2021.

### Non-audit services

During the year, William Buck, the Company's auditor, has performed certain other services in addition to their statutory duties.

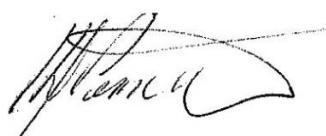
The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Consolidated Entity and have been reviewed by the Audit & Risk Committee to ensure that they do not impact the integrity and objectivity of the auditors; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Consolidated Entity, acting as an advocate for the Consolidated Entity or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Consolidated Entity, William Buck, and its related practices for audit and non-audit services provided during the year are set out below:

	2021 \$	2020 \$
<b>Statutory and other audit services</b>		
Full year audit	155,000	155,000
Half year review	41,000	41,000
	<b>196,000</b>	<b>196,000</b>
<b>Service other than statutory audit</b>		
Restructuring advice	-	97,609
Internal audit work	7,000	-
Preparation & lodgement of taxation returns	5,380	4,000
Tax advice:		
• Continuity of ownership for tax losses	-	6,000
• JobKeeper eligibility	-	4,000
	<b>12,380</b>	<b>111,609</b>

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



Keith Perrett  
Director

Dated at Sydney this 5<sup>th</sup> day of August 2021

## Acumentis Group Limited

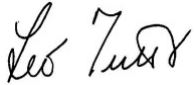
### Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

- No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**L.E. Tutt**  
Partner

Sydney, 5 August 2021

#### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
**williambuck.com**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2021 \$000	2020 \$000
<b>Revenue from rendering of services</b>	1	<b>44,043</b>	36,666
<b>Other income</b>	3(a)	<b>2,324</b>	2,619
		<b>46,367</b>	39,285
<b>Expenses from operating activities:</b>			
Employee expenses		<b>31,732</b>	29,122
Software, printing & stationary expenses		<b>2,494</b>	2,694
Marketing expenses		<b>486</b>	374
Communications expenses		<b>682</b>	710
Insurance expenses		<b>2,402</b>	2,271
Administration expenses		<b>1,060</b>	1,418
Occupancy expenses		<b>575</b>	771
Depreciation and amortisation expenses		<b>2,072</b>	2,078
Impairment of right of use assets		<b>131</b>	497
Impairment of intangible assets	6(c)	<b>11,904</b>	-
Other expenses from operating activities		<b>2,398</b>	1,817
		<b>55,936</b>	41,752
<b>Results from operating activities</b>		<b>(9,569)</b>	(2,467)
Finance income	3(b)	<b>7</b>	18
Finance expense	3(b)	<b>(329)</b>	(494)
		<b>(322)</b>	(476)
Share of net profit /(loss) of associates accounted for using the equity method		<b>360</b>	(86)
<b>Loss before tax</b>		<b>(9,531)</b>	(3,029)
Income tax (expense) / benefit	4	<b>(157)</b>	474
<b>Loss for the year attributable to owners of the parent</b>		<b>(9,688)</b>	(2,555)
Total other comprehensive income (net of tax)		-	-
<b>Total comprehensive loss for the year attributable to owners of the parent</b>		<b>(9,688)</b>	(2,555)
Basic earnings per share	21(a)	<b>(6.19 cents)</b>	(1.76 cents)
Diluted earnings per share	21(b)	<b>(6.19 cents)</b>	(1.76 cents)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>Assets</b>	<b>Note</b>	<b>2021 \$000</b>	<b>2020 \$000</b>
Cash and cash equivalents	5(a)	3,686	1,830
Term deposits	5(b)	14	25
Trade and other receivables	5(c)	4,557	4,673
Other current assets	6(f)	1,018	895
<b>Total current assets</b>		<b>9,275</b>	<b>7,423</b>
Deferred tax assets	6(e)	2,675	2,818
Term deposits	5(b)	794	795
Plant and equipment	6(a)	712	800
Right of use assets	6(b)	2,572	2,580
Intangible assets	6(c)	14,237	25,562
Investments accounted for using the equity method	14(b)	1,194	1,113
<b>Total non-current assets</b>		<b>22,184</b>	<b>33,668</b>
<b>Total assets</b>		<b>31,459</b>	<b>41,091</b>
<b>Liabilities</b>			
Trade and other payables	5(d)	3,232	2,196
Borrowings	5(e)	1,300	1,300
Lease liabilities	5(f)	1,279	1,158
Current tax liabilities	6(d)	-	-
Employee benefits	6(g)	4,285	4,255
<b>Total current liabilities</b>		<b>10,096</b>	<b>8,909</b>
Borrowings	5(e)	1,300	2,600
Lease liabilities	5(f)	2,178	2,364
Employee benefits	6(g)	385	471
Provisions	6(h)	182	182
<b>Total non-current liabilities</b>		<b>4,045</b>	<b>5,617</b>
<b>Total liabilities</b>		<b>14,141</b>	<b>14,526</b>
<b>Net assets</b>		<b>17,318</b>	<b>26,565</b>
<b>Equity</b>			
Issued capital	7	44,887	44,477
(Accumulated deficit) / Retained earnings		(27,600)	(17,912)
Other reserves	8	31	-
<b>Total equity</b>		<b>17,318</b>	<b>26,565</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital \$000	Retained Earnings / (Accumulated Deficit) \$000	Other Reserves \$000	Total Equity \$000
Balance at 1 July 2019		39,293	(15,006)	-	24,287
Change in accounting policy		-	(351)	-	(351)
Total comprehensive loss attributable to members of the parent entity		-	(2,555)	-	(2,555)
Shares issued	7	5,184	-	-	5,184
Balance at 30 June 2020		44,477	(17,912)	-	26,565
<b>Balance at 1 July 2020</b>		<b>44,477</b>	<b>(17,912)</b>	<b>-</b>	<b>26,565</b>
<b>Shares issued</b>	7	<b>410</b>	<b>-</b>	<b>-</b>	<b>410</b>
<b>Share based payments expense</b>		<b>-</b>	<b>-</b>	<b>31</b>	<b>31</b>
<b>Total comprehensive loss attributable to members of the parent entity</b>		<b>-</b>	<b>(9,688)</b>	<b>-</b>	<b>(9,688)</b>
<b>Balance at 30 June 2021</b>		<b>44,887</b>	<b>(27,600)</b>	<b>31</b>	<b>17,318</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

		2021 \$000	2020 \$000
<b>Cash flows from operating activities</b>	<b>Note</b>		
Cash receipts in the course of operations		48,455	41,483
Government grants received		2,320	629
Cash payments in the course of operations		(45,221)	(42,826)
Interest received		7	18
Interest paid		(329)	(495)
Dividends received		279	-
Decrease in security deposits		12	98
Income tax refunded / (paid)		-	498
<b>Net cash (used in) / provided by operating activities</b>	9(a)	<b>5,523</b>	(595)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment	6(a)	(363)	(324)
Payments for intangible assets	6(c)	(490)	(870)
Purchase of investments			
- Acquisition of unincorporated businesses	13(a)	(107)	-
- Acquisition of associated entity		-	(628)
<b>Net cash used in investing activities</b>		<b>(960)</b>	(1,822)
<b>Cash flows from financing activities</b>			
Shares issued net of costs	7(a)	-	5,010
Borrowings received		-	2,120
Repayment of borrowings		(1,300)	(3,469)
Repayment of lease liabilities		(1,407)	(1,230)
Dividends paid		-	-
<b>Net cash provided from financing activities</b>		<b>(2,707)</b>	2,431
Net increase / (decrease) in cash and cash equivalents held		<b>1,856</b>	14
Cash and cash equivalents at beginning of the year		<b>1,830</b>	1,816
<b>Cash and cash equivalents at the end of the year</b>	5(a)	<b>3,686</b>	1,830

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

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

How numbers are calculated.....	23
1    Revenue .....	23
2    Material profit or loss items .....	24
3    Other income and expense items .....	25
4    Income tax expense .....	26
5    Financial assets and financial liabilities.....	27
6    Non-financial assets and liabilities.....	30
7    Equity .....	42
8    Other Reserves.....	43
9    Cash flow information.....	43
Risk .....	44
10   Significant estimates & judgements.....	44
11   Financial risk management .....	44
12   Capital management.....	48
Group structure .....	50
13   Business combinations.....	50
14   Interests in other entities.....	51
Unrecognised items.....	55
15   Contingent liabilities .....	55
16   Commitments.....	55
17   Events occurring after the reporting period.....	56
Other information .....	58
18   Related party transactions .....	58
19   Share-based payments .....	58
20   Remuneration of auditors.....	60
21   Earnings per share .....	60
22   Parent entity financial information .....	61
23   Summary of significant accounting policies .....	62

## HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- a) Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;
- b) Analysis and sub-totals, including segment information; and
- c) Information about estimates and judgements made in relation to particular items.

### 1 Revenue

	<b>2021</b> <b>\$000</b>	<b>2020</b> <b>\$000</b>
Revenue from rendering of services	<b>43,381</b>	36,539
Recovery of disbursements	<b>37</b>	57
Recharge of shared services to licensees	<b>625</b>	70
	<b>44,043</b>	36,666

#### (a) Revenue from rendering of services

Revenue from the rendering of services to clients is recognised when the individual performance obligation under the applicable contract is satisfied and at the price agreed in the contract. For the large majority of contracts, there is a single performance obligation at the completion of the service and revenue is recognised at this point.

#### (b) Recovery of disbursements

Where the contract with the client allows the recovery of disbursements incurred in delivering the services, these are billed to the client at the time the performance obligation in the contract is satisfied or in accordance with an agreed billing schedule as appropriate.

#### (c) Recharge of shared services to licensees

Revenue relating to the provision of shared services to licensees is billed and recognised on a monthly basis over the term of the agreement relating to the provision of such services.

Further information on the measurement and timing of recognition of revenues may be found in note 23(e).

## 2 Material profit or loss items

The Consolidated Entity has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Consolidated Entity.

	Notes	2021 \$000	2020 \$000
<b>Income</b>			
Insurance proceeds	3(a)	-	1,095
Government grants received	3(a)	2,320	1,315
Licence termination fee	3(a)	-	150
<b>Expenses</b>			
Impairment of intangible assets	2(a)	11,904	-
Impairment of right of use assets	2(b)	131	497
Consultant costs associated with criminal cyber-attack		201	791
Redundancy and termination costs		245	271

### (a) Impairment of intangible assets

#### 2021

Following the cessation of workflows from a material government contract at the end of June 2021, the associated customer relationship intangible asset (\$10,000,000) and goodwill intangible asset (\$1,904,000) were fully written down as the future cashflows expected to be generated from this cash generating unit no longer supported the carrying values of these intangible assets.

### (b) Impairment of right of use assets

#### 2021

During the 2021 financial year, the remaining surplus leased space was sub-let. The additional impairment charge represents the difference between the net book value of the right of use asset and the net present value of future expected sub-lease income.

#### 2020

The impairment charge relates to the right of use assets comprising office leases that are no longer used by the business. There are two such leases, one of which has already been sub-let and other is expected to be assigned within the next 6 months from 30 June 2020.

For the sub-lease, the impairment charge represents the difference between the net book value of the assets and the net present value of future expected sub-lease income.

For the assignment, the impairment charge represents the difference between the net book value of the right of use asset and the net present value of incentives expected to be provided to the assignee in order to exit the lease, less future liabilities that will be avoided via the assignment.

### 3 Other income and expense items

This note provides a breakdown of the items included in 'other income' and 'finance income and expenses'. Information about specific profit and loss items (such as gains and losses in relation to the sale of plant & equipment) is disclosed in the related statement of financial position notes.

#### (a) Other income

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Government grants received	<b>2,320</b>	1,315
Insurance proceeds	-	1,095
Licence fee income	-	9
Licence termination fee	-	150
Sundry income	<b>4</b>	50
	<b>2,324</b>	2,619

Government grant income represents Cashflow Boost and JobKeeper support provided by the Federal Government in response to the COVID-19 pandemic. Government grants are recognised when the Consolidated Entity has reasonable assurance that the eligibility conditions have been complied with and that the grant will be received.

Insurance proceeds represents the net benefit received as a result of insurance claims made following the criminal cyber-attacks in February and May 2019. Insurance proceeds are recognised when the applicable insurer has confirmed cover and the benefit payable under that cover.

Licence fee income represented fees charged to non-controlled entities which had been licenced to use the LMW brand and systems. Licence fees were charged as a percentage of revenue earned by the licensee. Licence fee income was recognised when the right to receive the income has been established. The Company ceased licencing arrangements on 31 July 2019.

#### (b) Finance income and expenses

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Finance income	<b>7</b>	18
Finance expenses		
- Borrowings	<b>(92)</b>	(234)
- Leases	<b>(224)</b>	(220)
- Overdrafts	<b>(13)</b>	(40)
	<b>(322)</b>	(476)

Finance income comprises interest income on funds invested. Interest income is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Interest income is recognised as it accrues in the Statement of Profit & Loss and Other Comprehensive Income, using the effective interest method.

Finance expenses comprise interest expense on borrowings, leases and unwinding of the discount on financial assets. All borrowing costs are recognised in the Statement of Profit & Loss and Other Comprehensive Income using the effective interest method.

#### 4 Income tax expense

This note provides an analysis of the Consolidated Entity's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Consolidated Entity's tax position.

##### (a) Income tax expense / (benefit)

	2021 \$000	2020 \$000
<b>Current tax</b>		
Current year tax payable / taxable loss	787	(764)
Utilisation of brought forward tax losses	(787)	-
Tax loss carried forward	-	764
Adjustments for prior years	-	5
<b>Total current tax expense / (benefit)</b>	-	5
<b>Deferred income tax</b>		
(Increase) / decrease in deferred tax assets (note 6(e))	157	(472)
(Decrease) / increase in deferred tax liabilities (note 6(e))	-	(7)
<b>Total deferred tax expense</b>	157	(479)
<b>Income tax expense / (benefit)</b>	157	(474)

##### (b) Reconciliation of income tax benefit to prima facie tax payable

	2021 \$000	2020 \$000
<b>Loss from continuing operations before tax</b>	(9,531)	(3,029)
<b>Prima facie income tax benefit calculated at 30.0% on profit (2020: 27.5%)</b>	(2,859)	(833)
Increase/(decrease) in income tax expense due to:		
Non-assessable income (Federal Government Cashflow Boost)	(15)	(14)
Non-deductible expenses		
- Intangible asset impairment	3,571	-
- Entertainment	8	6
- Other expenses	8	1
Non-assessable share of (profit) / loss of associate	(108)	24
	605	(816)
Adjustments for prior years	(12)	179
Restatement of future tax benefit from 26% to 30% (2020: 27.5% to 26%) <sup>1</sup>	(436)	163
<b>Income tax expense / (benefit)</b>	157	(474)

- For the year ended 30 June 2020, the Consolidated Entity was subject to the lower company tax rate for entities with an aggregated turnover of less than \$50M. From the year ended 30 June 2021, the Consolidated Entity's aggregate turnover exceeded \$50M and accordingly the Consolidated Entity is no longer subject to the lower company tax rate. The lower company tax rate reduced from 27.5% to 26% effective 1 July 2020. At 30 June 2020 the future tax benefit was restated to 26% on the assumption that the Consolidated Entity would remain eligible for the lower rate.

## 5 Financial assets and financial liabilities

This note provides information about the Consolidated Entity's financial instruments, including:

- An overview of all financial instruments held by the Consolidated Entity;
- Specific information about each type of financial instrument;
- Accounting policies; and
- Information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Consolidated Entity holds the following financial instruments:

	Note	2021 \$000	2020 \$000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	5(a)	3,686	1,830
Term deposits	5(b)	808	820
Trade and other receivables	5(c)	4,557	4,673
		<b>9,051</b>	<b>7,232</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	5(d)	3,232	2,196
Borrowings	5(e)	2,600	3,900
Lease liabilities	5(f)	3,457	3,522
		<b>9,289</b>	<b>9,618</b>

### (a) Cash and cash equivalents

	2021 \$000	2020 \$000
Cash at bank and on hand	3,686	1,830
Cash and cash equivalents in the Statement of Cash Flows	<b>3,686</b>	<b>1,830</b>

Access was available at the reporting date to the following lines of credit:

	2021 \$000	2020 \$000
<b>Available:</b>		
Bank bill facility	2,600	3,900
Bank overdraft	1,700	1,200
	<b>4,300</b>	<b>5,100</b>
<b>Unused at reporting date:</b>		
Bank bill facility	-	-
Bank overdraft	1,700	1,200
	<b>1,700</b>	<b>1,200</b>

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The bank bill and overdraft facilities are secured via fixed and floating charges over the assets and business of the Consolidated Entity.

As at 30 June 2021, the Consolidated Entity has satisfied all covenants in relation to the bill facility.

The facilities are subject to annual review with the next review in October 2021.



## (b) Term deposits

Term deposits that have a maturity of three months or less from the date of acquisition, which do not provide security for long term commitments (for example property lease guarantees) and are repayable with 24 hours' notice with no loss of interest are included in cash and cash equivalents.

Term deposits that do not satisfy these requirements are recorded as separate financial assets.

## (c) Trade and other receivables

	2021 \$000	2020 \$000
<b>Current</b>		
Trade receivables	4,704	4,568
Less: provision for expected credit losses	(153)	(82)
Other receivables	6	187
	<b>4,557</b>	<b>4,673</b>

### (i) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Consolidated Entity's impairment and other accounting policies for trade and other receivables are outlined in notes 11(a) and 23(k) respectively.

### (ii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

### (iii) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Consolidated Entity's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11.

## (d) Trade and other payables

	2021 \$000	2020 \$000
<b>Current</b>		
Trade payables	923	994
Other payables and accrued expenses	2,309	1,202
	<b>3,232</b>	<b>2,196</b>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**(e) Borrowings**

**Current**

Commercial bank bills

**Non-Current**

Commercial bank bills

**Total**

2021 \$000	2020 \$000
1,300	1,300
1,300	1,300
1,300	2,600
2,600	3,900

**Secured liabilities**

The commercial bank bills are secured via fixed and floating charges over the assets and business of the Consolidated Entity.

**(f) Lease liabilities**

**Current**

Lease liabilities – right of use assets

**Non-Current**

Lease liabilities – right of use assets

**Total**

**Payable as follows**

Within one year

One year or later and no later than five years

Later than five years

Future finance charges

Recognised as a liability

2021 \$000	2020 \$000
1,279	1,158
2,178	2,364
3,457	3,522
1,410	1,386
2,313	2,505
-	-
3,723	3,891
(266)	(369)
3,457	3,522

**Secured liabilities**

Lease liabilities are effectively secured as the interests in the right of use assets recognised in the financial statements revert to the lessor in the event of default.

## 6 Non-financial assets and liabilities

This note provides information about the Consolidated Entity's non-financial assets and liabilities, including:

- Specific information about each type of non-financial asset and non-financial liability:
  - Plant and equipment (note 6(a))
  - Right of use assets (note 6(b))
  - Intangible assets (note 6(c))
  - Current tax liabilities (note 6(d))
  - Deferred tax balances (note 6(e))
  - Other current assets (note 6(f))
  - Employee benefit obligations (note 6(g))
  - Provisions (note 6(h))
- Accounting policies; and
- Information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

### (a) Plant & equipment

	Office Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Total \$000
<b>Cost</b>				
Balance at 1 July 2019	1,983	615	433	3,031
Additions – cash	156	9	159	324
Additions – non-cash	-	-	54	54
Disposals	-	(3)	(84)	(87)
Balance at 30 June 2020	2,139	621	562	3,322
<b>Balance at 1 July 2020</b>	<b>2,139</b>	<b>621</b>	<b>562</b>	<b>3,322</b>
<b>Additions – cash</b>	<b>317</b>	<b>34</b>	<b>12</b>	<b>363</b>
<b>Disposals</b>	<b>(1,063)</b>	<b>(81)</b>	<b>(128)</b>	<b>(1,272)</b>
<b>Balance at 30 June 2021</b>	<b>1,393</b>	<b>574</b>	<b>446</b>	<b>2,413</b>
<b>Accumulated Depreciation</b>				
Balance at 1 July 2019	1,539	387	225	2,151
Depreciation charge for the year	267	83	108	458
Disposals	-	(3)	(84)	(87)
Balance at 30 June 2020	1,806	467	249	2,522
<b>Balance at 1 July 2020</b>	<b>1,806</b>	<b>467</b>	<b>249</b>	<b>2,522</b>
<b>Depreciation charge for the year</b>	<b>246</b>	<b>65</b>	<b>86</b>	<b>397</b>
<b>Disposals</b>	<b>(1,047)</b>	<b>(57)</b>	<b>(114)</b>	<b>(1,218)</b>
<b>Balance at 30 June 2021</b>	<b>1,005</b>	<b>475</b>	<b>221</b>	<b>1,701</b>
<b>Carrying Amounts</b>				
1 July 2019	444	228	208	880
30 June 2020	333	154	313	800
<b>1 July 2020</b>	<b>333</b>	<b>154</b>	<b>313</b>	<b>800</b>
<b>30 June 2021</b>	<b>388</b>	<b>99</b>	<b>225</b>	<b>712</b>

#### (i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy Note 23(m)).

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within “other income” in the Statement of Profit & Loss and Other Comprehensive Income.

## **(ii) Depreciation**

Depreciation is charged to the Statement of Profit & Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term.

The estimated useful lives in the current and comparative periods are as follows:

- Office equipment 2-5 years
- Furniture and fittings 4-5 years
- Leasehold improvements lesser of life of the lease or 10 years
- Right of use assets life of the underlying lease

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

## **(b) Right of use assets**

### **(i) Amounts recognised in the balance sheet.**

	<b>Buildings \$000</b>	<b>Office Equipment \$000</b>	<b>Total \$000</b>
<b>Cost</b>			
Balance at 1 July 2019	-	-	-
Change of accounting policy	6,794	142	6,936
Additions	62	-	62
Disposals	(402)	-	(402)
Balance at 30 June 2020	6,454	142	6,596
<b>Balance at 1 July 2020</b>	<b>6,454</b>	<b>142</b>	<b>6,596</b>
<b>Additions</b>	<b>1,334</b>	<b>-</b>	<b>1,334</b>
<b>Acquisition of other unincorporated business</b>	<b>51</b>	<b>-</b>	<b>51</b>
<b>Disposals</b>	<b>(566)</b>	<b>(142)</b>	<b>(708)</b>
<b>Balance at 30 June 2021</b>	<b>7,273</b>	<b>-</b>	<b>7,273</b>

	<b>Buildings \$000</b>	<b>Office Equipment \$000</b>	<b>Total \$000</b>
<b>Accumulated Depreciation</b>			
Balance at 1 July 2019	-	-	-
Change of accounting policy	2,719	61	2,780
Depreciation charge for the year	1,091	48	1,139
Impairment charge	497	-	497
Disposals	(400)	-	(400)
Balance at 30 June 2020	3,907	109	4,016
<b>Balance at 1 July 2020</b>	<b>3,907</b>	<b>109</b>	<b>4,016</b>
<b>Acquisition of other unincorporated business</b>	<b>20</b>	<b>-</b>	<b>20</b>
<b>Depreciation charge for the year</b>	<b>1,184</b>	<b>33</b>	<b>1,217</b>
<b>Impairment charge</b>	<b>131</b>	<b>-</b>	<b>131</b>
<b>Disposals</b>	<b>(541)</b>	<b>(142)</b>	<b>(683)</b>
<b>Balance at 30 June 2021</b>	<b>4,701</b>	<b>-</b>	<b>4,701</b>
<b>Carrying Amounts</b>			
1 July 2019	-	-	-
30 June 2020	2,547	33	2,580
<b>1 July 2020</b>	<b>2,547</b>	<b>33</b>	<b>2,580</b>
<b>30 June 2021</b>	<b>2,572</b>	<b>-</b>	<b>2,572</b>

#### **Lease liabilities**

	<b>2021 \$000</b>	<b>2020 \$000</b>
Current	1,279	1,158
Non-current	2,178	2,364
	<b>3,457</b>	<b>3,522</b>

#### **(ii) Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases:

	<b>2021 \$000</b>	<b>2020 \$000</b>
<b>Depreciation and impairment charge of right of use assets</b>		
Buildings	1,316	1,588
Office equipment	33	48
	<b>1,349</b>	<b>1,636</b>
Interest expenses (included in finance cost)	224	219
Expenses relating to short term leases (included in occupancy expenses)	315	379

The total cash outflow for leases in 2021 was \$1,722,000 (2020: \$1,607,000).

#### **(iii) The Consolidated Entities leasing activities and how these are accounted for**

The Consolidated Entity leases offices, equipment and software. Contracts are typically for fixed periods of up to 7 years but may include extension options.

Contracts may contain both lease and non-lease components. The Consolidated Entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand alone prices, however for leases of real estate for which the Consolidated Entity is the lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These agreements do not impose covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less incentives receivable;
- variable payments that are based on an index or rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under residual value guarantees

Lease payments to be made under reasonably certain extension options are also included in the measurement of liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost with the finance cost charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight line basis.

Payments associated with short term leases (with a term of 12 months or less) or low value assets are recognised on a straight line basis as an expense in the profit or loss.

#### ***(iv) Impairment charge***

The impairment charge relates to the right of use assets comprising office leases that are no longer used by the business. There were two such leases, one was sub-let in 2020, the other in 2021.

The impairment charges represent the difference between the net book value of the assets and the net present value of future expected sub-lease income.

**(c) Intangible assets**

	Notes	2021 \$000	2020 \$000
Goodwill	(i) – (v)	12,529	13,884
Customer relationships	(i) – (v)	-	10,000
Computer software	(vi)	1,467	1,436
Trademarks	(vii)	241	242
		<b>14,237</b>	<b>25,562</b>

Customer relationships relate to an assessment of the value of contractual and other relationships within acquired businesses. These assets have an indefinite useful life as it is not possible to forecast if, or when, these relationships will end. Accordingly, the value of customer relationships is not amortised, however it is tested for impairment annually.

**(i) Goodwill & customer relationships**

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 Consolidated Entity.

Where the acquired subsidiary has significant long-term contracts or other customer relationships the future value of these relationships is assessed and is included as an asset in the fair value, above, of assets transferred.

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

**(ii) Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**(iii) Impairment tests for goodwill & customer relationships**

Goodwill & customer relationships have indefinite useful lives and are not amortised. The goodwill & customer relationships amounts are tested for impairment annually by estimating the recoverable amount of the cash generating units based on value in use.

The following cash generating units have significant carrying amounts for goodwill & customer relationships:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Goodwill</b>		
Residential valuations	<b>3,016</b>	3,016
Regional valuations	<b>9,513</b>	8,963
Government Services	-	1,905
	<b>12,529</b>	13,884
<b>Customer relationships</b>		
Government Services	-	10,000
	-	10,000
<b>Movement in Goodwill</b>		
Balance at 1 July	<b>13,884</b>	13,884
Acquisition of other unincorporated business	<b>549</b>	-
Impairment charge	<b>(1,904)</b>	-
Balance at 30 June	<b>12,529</b>	13,884
<b>Movement in customer relationships</b>		
Balance at 1 July	<b>10,000</b>	10,000
Impairment charge	<b>(10,000)</b>	-
Balance at 30 June	-	10,000

#### **(iv) Recoverable Amounts**

The recoverable amounts of intangible assets based on the value in use of the underlying cash generating units are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Goodwill &amp; customer relationships</b>		
Residential valuations	<b>10,518</b>	3,984
Regional valuations	<b>9,567</b>	14,574
Government Services	-	15,398
	<b>20,085</b>	33,956

#### **(v) Impairment review and charge**

##### **2021**

The carrying value of goodwill and customer relationships was tested as at 30 June 2021 and as a result an impairment charge of \$11,904,000 was booked.

The key assumptions and the approach to determining the value in use when estimating the recoverable amount of a cash generating unit were:



<b>Assumption</b>	<b>How determined</b>
Cash flows	<p>The forecast 5-year cash flows were based on forecast results for the year ended 30 June 2022. The 2022 forecast forms the basis of cash flows in subsequent financial years adjusted based on the following assumptions determined on management's past experience:</p> <ul style="list-style-type: none"> <li>• Increase in revenues of 2%-10% increase per annum reflecting the continued buoyant market conditions, growth achieved through FY2021 and increases in headcount, services and geographical coverage;</li> <li>• Overheads maintained at current levels and a 2% increase in the years after;</li> <li>• Increase in employment expenses calculated as 60% of the increase in revenue in the years after; and</li> <li>• Terminal value at the end of year 5 based on year 5 cash flows.</li> </ul>
Discount rate	<p>The discount rate adopted was a pre-tax rate of 13.3% and was based on the current risk-free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.</p> <p>On forecast 5-year cash flows, further impairments would have been necessary in:</p> <ul style="list-style-type: none"> <li>• Residential if the discount rate was increased by 36%,</li> <li>• Regional if the discount rate was increased by 1%,</li> </ul> <p>and all other variables remained unchanged.</p>

### **Government services contract**

The goodwill and customer relationships relating to the government services cash generating unit were predominantly supported by a large contract that was extended from December 2020 to June 2021 and then renewed in July 2021, however the client has indicated that whilst the Company has been included on its panel of valuers it does not intend to issue orders to the Company and accordingly the goodwill and customer relationships intangibles have been fully written down at 30 June 2021.

### **2020**

The carrying value of goodwill and customer relationships was tested as at 30 June 2020 and no impairment was required.

The key assumptions and the approach to determining the value in use when estimating the recoverable amount of a cash generating unit were:

Assumption	How determined
Cash flows	<p>The forecast 5-year cash flows were based on forecast results for the year ended 30 June 2021. The 2021 forecast forms the basis of cash flows in subsequent financial years adjusted based on the following assumptions determined on management's past experience:</p> <ul style="list-style-type: none"> <li>• Reduction in revenues in the first year and a 3%-5% increase in the years after reflecting the rebuilding of the Acumentis business following the criminal cyber-attacks and impacts of COVID-19;</li> <li>• Overheads maintained at current levels and a 3% increase in the years after;</li> <li>• Increase in employment expenses calculated as 50%-60% of the increase in revenue in the years after; and</li> <li>• Terminal value at the end of year 5 based on year 5 cash flows.</li> </ul>
Discount rate	<p>The discount rate adopted was a pre-tax rate of 13% and was based on the current risk-free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.</p> <p>On forecast 5-year cash flows, further impairments would have been necessary in:</p> <ul style="list-style-type: none"> <li>• Residential if the discount rate was increased to 17%,</li> <li>• Regional if the discount rate was increased to 22%,</li> <li>• Statutory Services if the discount rate was increased to 22%</li> </ul> <p>and all other variables remained unchanged.</p>

### Government services contract

The goodwill and customer relationships relating to the government services cash generating unit were predominantly supported by a large contract that expired in December 2020 and was subject to a re-tender process in late 2020 which the Consolidated Entity took part in. As at 30 June 2020, the directors of the Consolidated Entity were confident that the Consolidated Entity would retain the contract and accordingly the cashflows supporting the recoverable amounts were extended beyond December 2020. If the Consolidated Entity did not retain this contract, then the goodwill and customer relationship intangible assets would become impaired and would likely be written down to nil value.

### (vi) Computer software

	2021 \$000	2020 \$000
<b>Movement in computer software</b>		
Balance at 1 July	1,436	1,247
Additions	490	617
Amortisation	(458)	(428)
Disposals	(1)	-
Balance at 30 June	1,467	1,436

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the entity has an intention and ability to use the asset.

**(vii) Trademarks**

***Movement in trademarks***

	<b>2021 \$000</b>	<b>2020 \$000</b>
Balance at 1 July	<b>242</b>	42
Additions	-	242
Disposals	<b>(1)</b>	(42)
Balance at 30 June	<b>241</b>	242

**(d) Current tax liabilities**

***Current***

	<b>2021 \$000</b>	<b>2020 \$000</b>
Tax liability	-	-

The current tax liability for the Consolidated Entity of \$Nil (2020: \$Nil) represents the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, Acumentis Group Limited as the head entity of the Australian tax-consolidated group has assumed responsibility for the current tax asset/liability initially recognised by the members in the tax-consolidated group.

Income tax on the Statement of Profit & Loss and Other Comprehensive Income for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit & Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. Newly acquired wholly-owned entities are immediately added to the tax-consolidation group. The head entity within the tax-consolidated group is Acumentis Group Limited.

**(i) Tax consolidation**

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the tax losses can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

**(ii) Nature of tax funding arrangements and tax sharing arrangements**

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. Any such inter-entity receivables (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any such amounts under the tax sharing agreement is considered remote.

**(e) Deferred tax balances**

Deferred tax assets and liabilities are attributable to the following:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Recognised deferred tax assets</b>		
Right of use assets	266	245
Employee provisions	1,114	1,000
Provision for expected credit losses	46	22
Accruals	112	35
Make good provisions	54	47
s40-880 ITAA 1936 "black hole" expenditure	119	131
Income tax losses carried forward	955	1,337
Other	9	1
	<b>2,675</b>	<b>2,818</b>

## Movement in temporary differences during the year

	Balance 1 July 20 \$000	Acquisition of Business \$000	Recognised in Profit & Loss \$000	Change in Tax Rate \$000	Balance 30 June 21 \$000
<b>Deferred tax assets</b>					
Right of use assets	245	1	(18)	38	266
Employee provisions	1,000	13	(55)	156	1,114
Doubtful debts	22	-	21	3	46
Accruals	35	-	97	(20)	112
Make good provisions	47	-	-	7	54
S40-880 “black hole” expenditure	131	-	(33)	21	119
Income tax losses carried forward	1,337	-	(614)	232	955
Other	1	-	9	(1)	9
	<b>2,818</b>	<b>14</b>	<b>(593)</b>	<b>436</b>	<b>2,675</b>

	Balance 1 July 19 \$000	Change in Accounting Policy \$000	Recognised in Profit & Loss \$000	Recognised in Retained Earnings \$000	Change in Tax Rate \$000	Balance 30 June 20 \$000
<b>Deferred tax assets</b>						
Right of use assets	-	88	171	-	(14)	245
Employee provisions	1,063	-	(6)	-	(57)	1,000
Doubtful debts	75	-	(52)	-	(1)	22
Accruals	97	-	(60)	-	(2)	35
Operating lease provisions	19	(19)	-	-	-	-
Make good provisions	38	-	12	-	(3)	47
S40-880 “black hole” expenditure	172	-	(207)	174	(8)	131
Income tax losses carried forward	705	-	709	-	(77)	1,337
Other	3	-	(1)	-	(1)	1
	<b>2,172</b>	<b>69</b>	<b>566</b>	<b>174</b>	<b>(163)</b>	<b>2,818</b>
<b>Deferred tax liabilities</b>						
Right of use assets	(7)	-	7	-	-	-

### (f) Other current assets

	2021 \$000	2020 \$000
Prepaid expenses	<b>1,018</b>	<b>895</b>

### (g) Employee benefit obligations

	2021 \$000	2020 \$000
<b>Current</b>		
Annual leave	<b>1,824</b>	1,747
Long service leave	<b>1,505</b>	1,628
Performance pay	<b>956</b>	880
	<b>4,285</b>	4,255
<b>Non-current</b>		
Long service leave	<b>385</b>	471

## (h) Provisions

	2021 \$000		2020 \$000
<b>Non-Current</b>			
Make Good		182	182
		<b>182</b>	<b>182</b>
	<b>Operating Lease \$000</b>	<b>Make Good \$000</b>	<b>Total \$000</b>
<b>Movement in provisions</b>			
Balance at 1 July 2019	64	128	192
Change in accounting policy	(64)	-	(64)
Reversal during year	-	(8)	(8)
Increase during year	-	62	62
Balance at 30 June 2020	-	182	182
<b>Balance at 1 July 2020</b>	<b>-</b>	<b>182</b>	<b>182</b>
<b>Utilised during year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase during year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>182</b>	<b>182</b>

### (i) Operating lease

Prior to adoption of new accounting standard AASB16 – Leases on 1 July 2019, provisions were made in order to straight line the minimum lease payments for the rental of office space over the total lease periods.

### (ii) Make good

The provision has not been discounted to its present value as the effect is not material. It is expected that the expense will be incurred in a 5-year period.

## 7 Equity

### (a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a poll at meetings of the Company. On a show of hands, every shareholder present at a meeting or by proxy is entitled to one vote. There are currently 159,005,153 ordinary fully paid shares on issue (2020: 155,679,930). Shares have no par value, and the Company does not have a limited amount of capital.

<b>Share capital</b>	<b>Number</b>	<b>\$000</b>
Balance as 30 June 2019	85,134,111	39,293
Net proceeds from issue of shares via partially underwritten entitlements offer (proceeds of \$5,644,000 less costs of \$634,000)	70,545,819	5,010
Future income tax benefit related to issue costs	-	174
Balance at 30 June 2020	155,679,930	44,477
<b>Issue of shares as part consideration for the acquisition of the business and assets of Saunders &amp; Pitt (Note 13(a))</b>	<b>3,244,120</b>	<b>400</b>
<b>Shares issued to settle corporate advisory fees in relation to the acquisition</b>	<b>81,103</b>	<b>10</b>
<b>Balance at 30 June 2021</b>	<b>159,005,153</b>	<b>44,887</b>

On 23 August 2019, the Company undertook a partially underwritten, 4 for 5 entitlements issue at 8 cents a share which was fully subscribed and resulted in the issue of 68,045,819 ordinary shares and proceeds (net of offer and placement costs) of \$5,184,016. A further 2,500,000 ordinary shares were issued to the underwriter and lead manager of the share offer in part consideration of the services provided.

On 1 April 2021, the Company issued 3,244,120 ordinary shares at 12.33 cents per share as partial consideration for the acquisition of the business and assets of Saunders & Pitt – a Tasmanian based valuation business. An additional 81,103 ordinary shares were issued at 12.33 cents per share to settle corporate advisory fees in relations to the acquisition.

### (b) Options to acquire ordinary shares

The holders of options are not entitled to receive dividends nor are they entitled to vote at meetings of the Company.

<b>Options</b>	<b>Number</b>
Balance at 30 June 2019	-
Issued to underwriter of partially underwritten entitlements offer	2,500,000
Balance at 30 June 2020	2,500,000
Balance at 30 June 2021	2,500,000

On 23 August 2019, 2,500,000 options were issued to the underwriter and lead manager of the share offer in part consideration of the services provided. These options have an exercise price of \$0.12 and an expiry date of 23 August 2023.

## 8 Other Reserves

	30 June 2021 \$'000	30 June 2020 \$'000
Share-based payments		
Balance at 1 July	-	-
Performance rights expense	31	-
Balance at 30 June	31	-

## 9 Cash flow information

### (a) Reconciliation of (loss) / profit after income tax to net cash inflow from operating activities

	Note	2021 \$000	2020 \$000
Loss for the period after tax		(9,688)	(2,555)
Adjustments for the period			
Depreciation & amortisation		2,072	2,036
Write off of trademarks		-	42
Impairment of intangible assets	6(c)	11,904	-
Impairment of right of use assets	6(b)	131	497
Share of (profits) / losses of associates not received as dividends		(81)	86
Expected credit losses		112	21
Loss on disposal of fixed assets		53	2
Expenses settled via issue of shares	7(a)	10	200
Performance rights expense		31	-
		4,544	329
Changes in assets & liabilities during the period net of amounts relating to acquisition of controlled entities			
(Increase)/decrease in security deposits	5(b)	12	98
(Increase)/decrease in receivables	5(c)	4	(862)
(Increase)/decrease in deferred tax assets	6(e)	157	(403)
(Increase)/decrease in other assets	6(f)	(123)	124
Increase/(decrease) in payables	5(d)	1,036	(572)
Increase/(decrease) in provision for income tax	6(d)	-	434
Increase/(decrease) in deferred tax liabilities	6(e)	-	(7)
Increase/(decrease) in employee provisions	6(g)	(107)	270
Increase/(decrease) in other provisions	6(h)	-	(6)
Net cash from operating activities		5,523	595



## RISK

This section of the notes discusses the Consolidated Entity's exposure to various risks and shows how these could affect the Consolidated Entity's financial position and performance.

### 10 Significant estimates & judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Consolidated Entity's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in notes 1 to 7 together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Impairment of goodwill (note 6(c))
- Provisions (note 6(h))
- Recognition of revenue (note 1)

### 11 Financial risk management

This note explains the Consolidated Entity's exposure to financial risks and how these risks could affect the Consolidated Entity's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables and debt investments and contract assets	Ageing analysis Credit ratings	Diversification of bank deposits Credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities
Interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Fixing rates on a six monthly basis via bank bills

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Chief Executive Officer and Chief Financial Officer are responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Consolidated Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Entity's activities. The Consolidated Entity, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



The Consolidated Entity's Audit Committee oversees how management monitors compliance with the Consolidated Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

#### **(a) Credit Risk**

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from wholesale and retail clients.

##### **Trade and other receivables**

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Consolidated Entity's customer base, including the default risk of the industry and country, in which clients operate, has less of an influence on credit risk. However, geographically there is no concentration of credit risk within Australia.

The Consolidated Entity has established a credit policy under which each new customer is analysed individually for creditworthiness before the Consolidated Entity's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, these limits are reviewed regularly. Clients which fail to meet the Consolidated Entity's benchmark creditworthiness are placed on a restricted customer list and may transact with the Consolidated Entity only on a prepayment basis.

In monitoring customer credit risk, clients are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. The Consolidated Entity's trade and other receivables relate mainly to the Consolidated Entity's retail clients. The Consolidated Entity does not require collateral in respect of trade and other receivables.

The Consolidated Entity has established an allowance for credit losses that represents their estimate of expected credit losses in respect of trade and other receivables and investments.

##### **Exposure to credit risk**

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit risk exposure.

The Consolidated Entity's maximum exposure to credit risk at the end of the reporting period was:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Trade and other receivables	<b>4,557</b>	4,673
Cash and cash equivalents	<b>3,686</b>	1,830
Term deposits & other	<b>808</b>	820
	<b>9,051</b>	7,323

The Consolidated Entity's maximum exposure to credit risk for trade and other receivables before impairment losses at the end of the reporting period by type of customer was:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Financial clients	<b>3,358</b>	2,114
Non-financial clients	<b>396</b>	833
Government non-financial clients	<b>956</b>	1,808
	<b>4,710</b>	4,755
The Consolidated Entity's most significant clients included the following amounts within trade and other receivables carrying amounts:		
An Australian financial client	<b>763</b>	702
An Australian Government non-financial client	<b>89</b>	1,506

### Impairment Losses

The aging of the Consolidated Entity's trade and other receivables at the end of the reporting period was:

	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not past due	<b>3,933</b>	<b>4</b>	4,092	2
Past due 0-30 days	<b>435</b>	<b>3</b>	442	3
Past due 31-120 days	<b>186</b>	<b>5</b>	113	2
Past due 121 days or more	<b>156</b>	<b>141</b>	108	75
	<b>4,710</b>	<b>153</b>	4,755	82

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 July	<b>82</b>	250
Increase / (decrease in provision)	<b>71</b>	(168)
Balance at 30 June	<b>153</b>	82

The Consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on payment profiles of sales over a 3 year period ended 30 June 2020 and the corresponding historical credit losses experienced over this period and to 30 June 2021 (for invoices raised prior to 30 June 2020). The historical loss rates are adjusted to reflect current and forward-looking macro-economic factors that might impact the ability of customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtors to engage in a repayment plan and the failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

## (b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 45 to 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Note	Carrying Amount \$000	Contractual cash flows \$000	Payable 6 months or less \$000	Payable between 6 and 12 months \$000	Payable after 12 months \$000
<b>Non-derivative financial liabilities</b>						
<b>30 June 2021</b>						
Trade and other payables	5(d)	3,232	3,232	3,232	-	-
Short and long term loans	5(e)	2,600	2,600	650	650	1,300
Lease liabilities	5(f)	3,457	3,457	709	472	2,178
		<b>9,289</b>	<b>9,289</b>	<b>4,591</b>	<b>1,122</b>	<b>3,478</b>
<b>30 June 2020</b>						
Trade and other payables	5(d)	2,196	2,196	2,196	-	-
Short and long term loans	5(e)	3,900	3,900	650	650	2,600
Lease liabilities	5(f)	3,522	3,522	555	603	2,364
		<b>9,618</b>	<b>9,618</b>	<b>3,401</b>	<b>1,253</b>	<b>4,964</b>

## (c) Interest risk

Interest rate risk is the risk that changes in interest rates will affect the Consolidated Entity's income and expenses or the value of its holdings of financial instruments and financial liabilities. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimising the return.

Interest rate risk is managed by seeking to maximise the yield achieved on cash held at bank and minimise the interest rates incurred on borrowings.

At the end of the reporting period the interest rate profile of the Consolidated Entity's interest-bearing financial instruments and borrowings was:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	<b>3,686</b>	1,830
Current borrowings	<b>1,300</b>	1,300
Non-current borrowings	<b>1,300</b>	2,600
<b>Fixed rate instruments</b>		
Current lease liabilities	<b>1,279</b>	1,158
Non-current lease liabilities	<b>2,178</b>	2,364

**(d) Cash flow sensitivity analysis for rate instruments**

The impact of interest rate changes on the profitability of the Consolidated Entity is likely to be immaterial.

**(e) Fair values**

The Directors consider that the fair value of financial assets and financial liabilities of the Consolidated Entity approximate their carrying amount.

**12 Capital management**

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity. The board compares this to general relevant returns that would be available to alternate use of funds such as property and general stock market returns available at the time but does not specifically benchmark them. The Board of Directors also monitors the dividend yield to ordinary shareholders and compares them to general ASX listed returns at the time but does not specifically benchmark them.

There were no changes in the Consolidated Entity's approach to capital management during the year. The Consolidated Entity is not subject to externally imposed capital requirements given the absence of borrowings.

**(a) Dividends**

**(i) Ordinary shares**

Dividends recognised in the current and prior years by the Company are:

	<b>Cents per share</b>	<b>Total amount \$000</b>	<b>Franked/unfranked</b>	<b>Date of Payment</b>
<b>2021</b>				
<b>No dividends declared</b>	-	-	-	-
<b>2020</b>				
<b>No dividends declared</b>	-	-	-	-

**(ii) Franked dividends**

Dividends declared or paid during the year were fully franked at the tax rate of 27.5%. (2019: 27.5%)

After the end of the reporting period, the directors have not declared a final dividend.

<b>Dividend franking account</b>	<b>Company 2021 \$000</b>	<b>Company 2020 \$000</b>
30% (2020: 27.5%) franking credits available to shareholders of Acumentis Group Limited for subsequent financial years	<b>1,585</b>	1,453

The above available amounts are based on the balance of the dividend franking account at the end of the reporting period adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end; and
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. As there is no dividend declared for 2021, there is no impact on the dividend franking account for dividends proposed after the end of the reporting period but not recognised as a liability (2020: nil).

## GROUP STRUCTURE

This section provides information which will help users understand how the group structure affects the financial position and performance of the Consolidated Entity as a whole. In particular, there is information about:

- Changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation;
- Transactions with non-controlling interests; and
- Interests in joint operations.

A list of significant subsidiaries is provided in note 14(a). This note also discloses details about the Consolidated Entity's equity accounted investments.

### 13 Business combinations

#### (a) Summary of acquisition

Effective 1 April 2021, the Company acquired the business and assets of Saunders & Pitt, a valuation business operating in Tasmania.

Details of the purchase consideration, the net assets acquired, and goodwill were as follows:

	<b>2021</b>
	<b>\$000</b>
<b>Purchase consideration:</b>	
Cash paid	107
Ordinary shares issued (Note 7(a))	400
	507
<b>The assets and liabilities recognised as a result of the acquisition were as follows:</b>	
Right of use assets – office leases	31
Deferred tax assets	14
Employee benefits	(51)
Lease liabilities (right of use assets)	(36)
Net identifiable assets acquired	(42)
Goodwill	549
	507
<b>Net cash outflow from acquisition</b>	
Cash paid	107

The fair value of the ordinary shares issued as part consideration was based on the volume weighted average published share price for the 15 trading days prior to 15 March 2021 when the acquisition was agreed and announced to the Australian Stock Exchange.

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

#### (b) Revenue and profit contribution

The acquired business contributed revenues of \$410,000 and a net loss before tax of \$106,000 to the Consolidated Entity for the period from 1 April to 30 June 2021.

If the acquisition had occurred on 1 July 2020, consolidated revenue and loss before tax for the year ended 30 June 2021 would have been \$48,143,000 and \$9,368,000 respectively.

### (c) Acquisition costs

Acquisition costs of \$5,000 are included in other expenses in the statement of profit or loss and in operating cash flows in the statement of cashflows.

Fees paid to the Company's corporate advisor of \$10,000 are included in other expenses in the statement of profit or loss and were settled via the issue of ordinary shares (see note 7(a)) and so does not appear in the statement of cashflows.

## 14 Interests in other entities

### (a) Subsidiaries

The Consolidated Entity's subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Consolidated Entity, and the proportion of ownership interests held equals the voting rights held by the Consolidated Entity. All entities are incorporated and operate in Australia only.

Name of entity	Ownership interest held by the Consolidated Entity		Ownership interest held by non-controlling interests		Principal activities
	2021	2020	2021	2020	
	%	%	%	%	
Acumentis Pty Ltd	100	100	-	-	Valuations
Acumentis Brisbane Pty Ltd	100	100	-	-	Commercial valuations
Acumentis Gold Coast Pty Ltd	100	100	-	-	Commercial valuations
Acumentis Melbourne Pty Ltd	100	100	-	-	Commercial valuations
Acumentis Statutory Services Pty Ltd	100	100	-	-	Government valuations
Taylor Byrne Holdings Pty Ltd	100	100	-	-	Non-trading
Acumentis Regional Pty Ltd	100	100	-	-	Regional valuations
Lane Infrastructure Pty Ltd	100	100	-	-	Property advisory services
Acumentis Australia Pty Ltd	50	50	50	50	National valuation contracting entity
LMW Group Pty Ltd	100	100	-	-	Non-trading
Acumentis Joint Venture Pty Ltd	50	50	50	50	Holder of intellectual property
Acumentis Management Pty Ltd	100	100	-	-	Group employer
Acumentis Pty Ltd	100	100	-	-	Non-trading
Acumentis Advisory Pty Ltd	100	100	-	-	Non-trading
MVS National Pty Ltd	100	100	-	-	Non-trading
Cosgrave & Eastoe Pty Ltd	100	100	-	-	Non-trading
Hoolihan Valuations Pty Ltd	100	100	-	-	Non-trading



## (b) Interests in associates

The Consolidated Entity's interests in associates at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Consolidated Entity, and the proportion of ownership interests held equals the voting rights held by the Consolidated Entity. All entities are incorporated and operate in Australia only.

Name of entity	2021 %	2020 %	2021 \$000	2020 \$000	Principal activities
Acumentis (WA) Holdings Pty Ltd (formerly LMW (WA) Holdings Pty Ltd)	42.2	42.2	1,194	1,113	WA valuations

### (i) Summarised financial information for associates

The tables below provide summarised consolidated financial information for Acumentis (WA) Holdings Pty Ltd and its wholly owned group. The information disclosed reflects the amounts presented in its financial statements and not Acumentis Group Limited's share of these amounts. They have been amended to reflect adjustments made by the entity when using the equity method including fair value adjustments and modifications for differences in accounting policy.

	30 Jun 2021 \$000	30 Jun 2020 \$000
<b>Summarised balance sheet</b>		
Current assets		
Cash and cash equivalents	1,061	878
Other current assets	1,070	548
Total current assets	2,131	1,426
Non-current assets	4,779	4,597
Current liabilities		
Financial liabilities (excluding trade payables)	168	107
Other current liabilities	1,404	760
Total current liabilities	1,572	867
Non-current liabilities		
Financial liabilities (excluding trade payables)	131	123
Other non-current liabilities	104	120
Total non-current liabilities	235	243
Net assets	5,103	4,913

	30 Jun 2021 \$000	30 Jun 2020 \$000
<b>Reconciliation to carrying amounts</b>		
Opening net assets 1 July	4,913	4,778
Issue of new equity to Acumentis Group Limited	-	407
Profit / (loss) for the period	853	(272)
Other comprehensive income	-	-
Dividends paid	(663)	-
Closing net assets 30 June	5,103	4,913
Consolidated Entity's share of closing net assets in %	42.2%	42.2%
Consolidated Entity's share of closing net assets in \$	2,154	2,073
Unrecognised (discount) / goodwill included in the carrying amount	(207)	(207)
Impairment of investment	(753)	(753)
Carrying amount of interest in associate	1,194	1,113
<b>Carrying amount of interest in associate</b>		
As at 1 July	1,113	570
Additional investment	-	628
Share of comprehensive income / (loss)	360	(85)
Dividends received	(279)	-
As at 30 June	1,194	1,113

	30 Jun 2021 \$000	30 Jun 2020 \$000
<b>Summarised statement of comprehensive income</b>		
Revenue	6,985	4,622
Interest income	2	-
Depreciation and amortisation	(134)	(78)
Interest expense	(14)	(17)
Other expenses	(5,708)	(4,874)
Profit / (loss) from continuing operations before tax	1,131	(347)
Income tax (expense) / benefit	(278)	75
Profit / (loss) from continuing operations after tax	853	(272)
Other comprehensive loss	-	-
Total comprehensive loss	853	(272)
Dividends received from associates	279	-

**(ii) Impairment charge**

**2021**

The carrying value of Acumentis Group Limited's interest in Acumentis (WA) Holdings Pty Ltd was tested as at 30 June 2021 and no impairment was required.

The key assumptions and the approach to determining the value in use when estimating the recoverable amount of a cash generating unit are:

<b>Assumption</b>	<b>How determined</b>
Cash flows	<p>The forecast 5-year cash flows are based on forecast results for the year ended 30 June 2022. The 2022 forecast forms the basis of cash flows in subsequent financial years adjusted based on the following assumptions determined on management's past experience:</p> <ul style="list-style-type: none"> <li>• 3% annual increase in revenues;</li> <li>• 3% annual increase overheads;</li> <li>• Employment expenses increasing at 60% of the increase in revenue in the years after; and</li> <li>• Terminal value at the end of year 5 based on year 5 cash flows.</li> </ul>
Discount rate	<p>The discount rate adopted was a pre-tax rate of 11.5% and was based on the current risk-free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.</p> <p>On forecast 5-year cash flows, further impairments would be necessary if the discount rate was increased to 35.5% and all other variables remained unchanged.</p>

**2020**

The carrying value of Acumentis Group Limited's interest in Acumentis (WA) Holdings Pty Ltd was tested as at 30 June 2020 and no impairment was required.

The key assumptions and the approach to determining the value in use when estimating the recoverable amount of a cash generating unit are:

<b>Assumption</b>	<b>How determined</b>
Cash flows	<p>The forecast 5-year cash flows are based on forecast results for the year ended 30 June 2021. The 2021 forecast forms the basis of cash flows in subsequent financial years adjusted based on the following assumptions determined on management's past experience:</p> <ul style="list-style-type: none"> <li>• 3% annual increase in revenues reflecting the rebuilding of the business following the criminal cyber-attacks;</li> <li>• 3% annual increase overheads;</li> <li>• Employment expenses increasing at 60% of the increase in revenue in the years after; and</li> <li>• Terminal value at the end of year 5 based on year 5 cash flows.</li> </ul>

Assumption	How determined
------------	----------------

Discount rate	<p>The discount rate adopted was a pre-tax rate of 13% and was based on the current risk-free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.</p> <p>On forecast 5-year cash flows, further impairments would be necessary if the discount rate was increased to 65% and all other variables remained unchanged.</p>
---------------	--

## UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

### 15 Contingent liabilities

The Consolidated Entity, from time to time, is involved in matters of litigation in the normal course of business in undertaking valuation services. At 30 June 2021 there are no open litigated claims that are expected to have a material impact on the results of the Consolidated Entity. The Consolidated Entity has professional indemnity insurance, and under the terms of the insurance policy, each claim has an excess which is required to be paid by the Consolidated Entity. It was not practical to estimate the maximum contingent liability arising from litigation; however, in a worst-case situation there could be a material adverse effect on the Consolidated Entity's financial position. In the directors' opinion, disclosures of any further information in relation to litigation would be prejudicial to the interests of the Consolidated Entity.

### 16 Commitments

#### Capital expenditure

The Consolidated Entity does not have any capital expenditure commitments at the end of the reporting period.

	2021 \$000	2020 \$000
<b>Operating lease commitments</b>		
Within one year	361	331
One year or later and no later than five years	-	3
Later than five years	-	-
	<b>361</b>	<b>334</b>

Under accounting standard AASB16 – Leases, which was adopted by the Consolidated Entity with effect 1 July 2019, except for leases with terms of 12 months or less or where the value of the leased asset does not exceed \$5,000, commitments under leases are now recorded on the statement of financial position.

Where the Consolidated Entity leases property and equipment under non-cancellable operating leases with lease terms less than or equal to 12 months or with asset values less than or equal to \$5,000 the leases continue to be accounted for off balance sheet with operating lease commitments disclosed in the above table.

#### Guarantees

Acumentis Group Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

## 17 Events occurring after the reporting period

### (a) Acquisition of the remaining 57.8% of issued shares of Acumentis (WA) Holdings Pty Ltd

Effective 1 July 2021, the Company acquired the remaining 57.8% of issued shares in Acumentis (WA) Holdings Pty Ltd thereby taking its holding to 100%.

Up to 30 June 2021, the Company's existing 42.2% investment has been accounted for using the equity method (refer note 14(b)). The associated asset will be de-recognised and a gain representing the difference between fair value and the carrying value of the investment at 30 June 2021 will be recorded as follows:

	\$000
Fair value of net assets of Acumentis (WA) Holdings Pty Ltd	6,284
Acumentis' 42.2% share	2,653
Plus dividend paid prior to completion of acquisition	80
Carrying value of associate (note 14(b))	(1,194)
Gain on de-recognition of asset	1,539

The financial effect of the acquisition has not been recognised at 30 June 2021. The operating results, assets and liabilities of the Acumentis (WA) Holdings Pty Ltd will be consolidated from 1 July 2021.

### Purchase consideration and fair value of net assets acquired

	\$000
<b>Details of the consideration transferred</b>	
Cash paid	1,836
Cash payable (in 3 equal instalments on 23 Jan 2022, 23 Jul 2022 and on 23 Jan 2023)	183
Shares issued (13,820,096 ordinary shares at \$0.115 per share)	1,609
	3,628
Fair value of existing shareholding	2,653
	6,281
<b>Fair value of assets and liabilities acquired</b>	
Cash and cash equivalents	871
Term deposits	235
Trade and other receivables	727
Other current assets	108
Deferred tax assets	111
Property, plant & equipment	121
Right of use assets	109
Intangible assets	1
Trade and other payables	(678)
Tax payable	(151)
Borrowings	(187)
Lease liabilities	(111)
Employee benefits	(473)
	683
Goodwill	5,598
	6,281
<b>Net cashflows from acquisition</b>	
Cash paid	(1,836)
Cash and cash equivalents acquired	1,106
	(730)

**(b) Sub-lease of surplus leased office space**

On 22 July 2021, the Company entered into a sub-lease over surplus office space leased which, at 30 June 2021 was included in buildings within right of use assets on the balance sheet (see note 6(b)).

As the sub-lease has a term equal to the remaining life of the associated right of use asset, in accordance with AASB 16 – Leases, the sub-lease will be accounted for as a finance lease with a lease receivable recognised equal to the net present value of future sub-lease rentals to be received over the term of the sub-lease. The right of use asset will be de-recognised and the difference between the right of use asset and the lease receivable recorded as a gain on disposal of the right of use asset as follows:

	30 June 2021 \$000	Sub-Lease \$000	Amended \$000
Right of use assets – buildings (note 6(b))			
- Cost	7,273	(2,921)	4,352
- Accumulated Depreciation	(4,701)	1,921	(2,780)
- Carrying amount	<u>2,572</u>	<u>(1,000)</u>	<u>1,572</u>
Lease receivable			
- Current	-	242	242
- Non-current	-	817	817
	<u>-</u>	<u>1,057</u>	<u>1,057</u>
Profit on disposal of right of use asset		<u>57</u>	

## OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

### 18 Related party transactions

#### (a) Subsidiaries

Interests in subsidiaries are set out in note 14(a).

#### (b) Key management personnel compensation

	2021	2020
	\$	\$
<b>Executive directors and other key management personnel</b>		
Short term employee benefits	1,077,738	702,677
Post-employment benefits	61,844	252,118
Long-term benefits	42,671	23,694
	<b>1,182,253</b>	<b>978,489</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 14.

#### (c) Transactions with other related parties

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Dividends received from associate	279	-
Group management fee income from associates & franchisees	625	70

### 19 Share-based payments

#### (a) Employee option & performance rights plans

The directors at their discretion allocate share options or performance rights that entitle key management personnel and senior employees to purchase shares in the entity. The terms of the options including vesting conditions and performance criteria vary depending upon the incentive arrangements appropriate for key management personnel and senior employees and are a part of an approved Employee Share Acquisition Scheme, which was approved by shareholders at the 2018 Annual General Meeting.

Movements in options during the period were as follows:

	2021 Average Exercise Price	2021 Number of Options	2020 Average Exercise Price	2020 Number of Options
As at 1 July	-	-	-	-
Exercised during the year	-	-	-	-
As at 30 June	-	-	-	-



Performance rights were granted under the Acumentis Group Performance Rights and Option Plan which was approved by shareholders at the 2018 Annual General Meeting. The Plan allows the Company to grant options or rights to selected key employees to acquire ordinary shares in the Company. Participants are required to satisfy performance and service conditions at the time of the offer. The exercise price for performance rights is nil. Rights cannot be transferred and are not quoted on the ASX.

Movements in performance rights during the period were as follows:

	<b>2021</b>	<b>2020</b>
	<b>Number of Rights</b>	<b>Number of Rights</b>
As at 1 July	-	-
Granted during the year	<b>1,000,000</b>	-
Vested and exercised during the year	-	-
As at 30 June	<b>1,000,000</b>	-

1,000,000 performance rights were granted to the Chief Financial Officer on 15 October 2020.

These performance rights have the following vesting conditions:

*Service Condition* – the CEO must remain employed for 3 years (to finalisation of FY23 audit of the financial statements). If the service condition is not met, none of the performance rights will vest.

*Market Condition* – 50% or 500,000 performance rights will vest if the total shareholder return (“TSR”) for Acumentis is at least equal to the TSR for the ASX300 for the period 1 July 2020 to 30 June 2023.

*Performance Condition* – the remaining 500,000 performance rights will vest pro-rata based on the earnings per share of Acumentis Group Limited being between 2.4 cents and 3.2 cents for the year ended 30 June 2023.

The Board has the discretion to adjust the number of rights that ultimately vest and/or the service condition period if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the measurement period.

The Board has discretion to determine that some or all unvested rights held lapse on a specified date if allowing the rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the rights holder. Such circumstances would include joining a competitor or actions that harm the Company’s stakeholders.

In the case of fraud or misconduct, all unvested rights will be forfeited.

#### **(b) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Options	-	-
Performance rights	<b>31</b>	-
	<b>31</b>	-



## 20 Remuneration of auditors

	2021 \$000	2020 \$000
<b>Audit services</b>		
Auditor of the Consolidated Entity – William Buck		
Audit and review of the financial reports	196	196
<b>Other services</b>		
Other William Buck related entities		
Restructuring advice	-	98
Taxation and other services	12	14
<b>Total services</b>	<b>208</b>	<b>308</b>

## 21 Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2021 was based on the loss attributable to ordinary shareholders of \$9,687,000 (2020: loss \$2,555,000) and the weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 156,499,848 (2020: 145,271,530) calculated as follows:

	2021 \$000	2020 \$000
<b>Loss attributable to ordinary shareholders</b>	<b>(9,688)</b>	(2,555)
<b>Weighted average number of shares used as the denominator</b>	<b>Number</b>	Number
Issued Ordinary Shares at 1 July	155,679,930	85,134,111
Shares issued during year	3,325,223	70,545,819
Issued Ordinary Shares at 30 June	159,005,153	155,679,930
Weighted average number of ordinary shares at 30 June	156,499,848	145,271,530

## (b) Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2021 was based on the loss attributable to ordinary shareholders of \$9,688,000 (2020: loss 2,555,000) and the weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 156,499,848 (2020: 145,271,530) calculated as follows:

	2020 \$000	2019 \$000
<b>Loss attributable to ordinary shareholders</b>	<b>(9,688)</b>	<b>(2,555)</b>
<b>Weighted average number of ordinary shares and potential ordinary shares used as the denominator</b>	<b>Number</b>	<b>Number</b>
Issued Ordinary Shares at 1 July	155,679,930	85,134,111
Shares issued during year	3,325,223	70,545,819
Issued Ordinary Shares at 30 June	159,005,153	155,679,930
Weighted average number of ordinary shares at 30 June	156,499,848	145,271,530
Options on issue at 30 June (note 7(b))	2,500,000	2,500,000
Performance rights on issue at 30 June (note 19)	1,000,000	-
Weighted average number of ordinary shares and potential ordinary shares at 30 June	159,999,848	147,771,530

As at the date of this report there are 2,500,000 options over ordinary shares and 1,000,000 performance rights in the Company.

*As there is a loss per share for both 2021 and 2020, these options and performance rights are antidilutive and therefore, in accordance with Australian Accounting Standard AASB 133 – Earnings Per Share, have not been taken into account when calculating the diluted earnings per share.*

## 22 Parent entity financial information

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

### (a) Statement of financial position

	2021 \$000	2020 \$000
<b>Assets</b>		
Current assets	21,292	41,949
Non-current assets	47,730	47,503
<b>Total assets</b>	<b>69,022</b>	<b>89,452</b>
<b>Liabilities</b>		
Current liabilities	25,793	44,925
Non-current liabilities	1,419	2,728
<b>Total liabilities</b>	<b>27,212</b>	<b>47,652</b>
<b>Net assets</b>	<b>41,810</b>	<b>41,800</b>
<b>Equity</b>		
Issued capital	44,887	44,477
Retained earnings	(3,108)	(2,677)
Other reserves	31	-
<b>Total equity</b>	<b>41,810</b>	<b>41,800</b>

**(b) Statement of profit & loss and other comprehensive income**

	<b>2021 \$000</b>	<b>2020 \$000</b>
<b>Total profit / (loss)</b>	<b>(431)</b>	551
<b>Total comprehensive income / (loss)</b>	<b>(431)</b>	551

**23 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Acumentis Group Limited and its subsidiaries.

**(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*. Acumentis Group Limited is a for-profit entity for the purpose of preparing the financial statements.

**(i) Compliance with IFRS**

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

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis.

**(iii) New and amended standards adopted by the Consolidated Entity**

No new or amended standards were applicable to the Consolidated for the current financial year.

**(iv) New standards and interpretations not yet adopted**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Consolidated Entity has decided not to early adopt. These standards are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

**(b) Principles of consolidation and equity accounting**

**(i) Subsidiaries**

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

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity (refer to note 23(h)).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

## **(ii) Associates**

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control. This is generally the case where the Consolidated Entity holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

## **(iii) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Consolidated Entity's share of the post-acquisition profits or losses of the investee in profit or loss, and the Consolidated Entity's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Consolidated Entity's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Consolidated Entity and its associates and joint ventures are eliminated to the extent of the Consolidated Entity's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 23(l).

## **(iv) Changes in ownership interests**

The Consolidated Entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Consolidated Entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Acumentis Group Limited.

When the Consolidated Entity ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity had

directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **(c) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of all entities within the Consolidated Entity.

### **(d) Segment reporting**

The Consolidated Entity's operations and clients are located entirely in Australia.

The Consolidated Entity's operating segments have been identified based on the segments analysed within management reports. Based on these criteria, it has been determined that the Consolidated Entity only operates in the Valuation segment, which provides valuation, research and advice services in relation to property and businesses.

Accordingly, no separate segment reporting is required.

### **(e) Revenue recognition**

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled to receive for the provision of services to clients.

For each contract with a client, the Consolidated Entity identifies the contract, the performance obligations in the contract and the total price for the services. The total price is then allocated to the separate performance obligations under the contract and each part of the total price is recognised as revenue when the associated performance obligation is satisfied.

For the large majority of contracts with clients, the Consolidated Entity has a single performance obligation being the delivery of the service and so the revenue is recognised at this point in time.

The specific accounting policies for the Consolidated Entity's main types of revenue are explained in note 1.

### **(f) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate 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. 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. 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.

### **(g) Leases**

The Consolidated Entity accounts for leases in line with the requirements of AASB 16.

AASB 16 introduced a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee is required to recognise an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset) and a liability to make lease payments (i.e. lease liability). Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

When a new lease is entered into, the net present value of the contracted rental payments is calculated using the interest rate implicit in the lease, or if this is not able to be reliably estimated, the Consolidated Entity's incremental borrowing rate. This amount is capitalised as a right of use asset and depreciated on a straight line basis over the term of the lease. An offsetting lease liability is recorded. Over the term of the lease, interest costs are expensed and added to the lease liability and lease payments are deducted from the liability.

### **(h) 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;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Consolidated Entity;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Consolidated Entity recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred plus the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair

value of the net identifiable assets of the business acquired, 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, being the rate at which 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 profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

### **(i) 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 of disposal 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.

### **(j) 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### **(k) 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. See note 5(c) for further information about the Consolidated Entity's accounting for trade receivables and note 11(a) for a description of the Consolidated Entity's impairment policies.

### **(l) Investments and other financial assets**

#### **(i) Classification**

The Consolidated Entity classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value; and
- Those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. See note 5 for details about each type of financial asset.



## **(ii) Recognition and derecognition**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

## **(iii) Financial assets at fair value through profit and loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or
- (ii) designated as such upon initial recognition where permitted.

Fair value movements are recognised in profit or loss.

## **(iv) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Details on how the fair value of financial instruments is determined are disclosed in note 5(ii).

## **(v) Impairment**

The Consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on payment profiles of sales over the previous 3 years. The historical loss rates are adjusted to reflect current and forward-looking macro-economic factors that might impact the ability of customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtors to engage in a repayment plan and the failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.



**(vi) Income recognition****Interest income**

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity 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. Interest income on impaired loans is recognised using the original effective interest rate.

**Dividends**

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 23(l)(v).

**(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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

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 Consolidated Entity 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 depreciation methods and periods used by the Consolidated Entity are disclosed in note 6(ii).

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

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 Consolidated Entity policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

**(n) Intangible assets****(i) Goodwill**

Goodwill is measured as described in note 6(c). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

**(ii) Trademarks, licences and customer contracts**

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Where they are assessed as having a finite useful life they are subsequently carried at cost less accumulated amortisation and impairment losses.

**(iii) Software**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Consolidated Entity are recognised as intangible assets when the following criteria are met:

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

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

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

**(iv) Amortisation methods and periods**

Refer to note 6(c) for details about amortisation methods and periods used by the Consolidated Entity for intangible assets.

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(p) 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been

extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

#### **(q) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.

#### **(r) Provisions**

Provisions for legal claims and make good obligations are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.

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.

#### **(s) Employee benefits**

##### ***(i) Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### ***(ii) Other long-term employee benefit obligations***

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The Consolidated Entity operates various defined contribution pension plans.

**Pension obligations**

For defined contribution plans, the Consolidated Entity pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Consolidated Entity has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(iv) Share-based payments**

Share-based compensation benefits are provided to employees via the Acumentis Group Employee Option & Performance Rights Plan and an employee share scheme. Information relating to these schemes is set out in note 19.

**Employee options and performance rights**

The fair value of options and performance rights granted under the Acumentis Group Limited Employee Option and Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options and performance rights granted:

- Including any market performance conditions (eg the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Excluding the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options and performance rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Social security contributions payable in connection with an option or performance rights grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

The Employee Option and Performance Rights Plan is administered by the Acumentis Employee Share Trust, which is not consolidated. When the options or performance rights are exercised, the trust transfers the appropriate number of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

**(v) Profit-sharing and bonus plans**

The Consolidated Entity recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Consolidated Entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**(vi) Termination benefits**

Termination benefits are payable when employment is terminated by the Consolidated Entity before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Consolidated Entity recognises termination benefits at the earlier of the following dates: (a) when the Consolidated Entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**(t) 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.

**(u) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(v) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, 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.

**(ii) 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.

**(w) Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**(x) 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 balance sheet.

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.

---

**DIRECTORS' DECLARATION**

---

- 1 In the opinion of the directors of Acumentis Group Limited ('the Company'):
  - (a) the financial statements and notes set out on pages 18 to 67 and the remuneration disclosures of the Remuneration report in the Directors' report, set out on pages 6 to 9, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2021 and of its performance, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) the financial report also complies with International Financial Reporting Standards as discussed in Note 23(a);
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

Dated at Sydney this 5<sup>th</sup> day of August 2021

Signed in accordance with a resolution of the directors:



Keith Perrett  
Director

## Acumentis Group Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Acumentis Group Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Consolidated Entity, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Consolidated Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Key Audit Matters

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

#### ACCOUNTANTS & ADVISORS

Sydney Office  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

Parramatta Office  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

Telephone: +61 2 8263 4000  
[williambuck.com](http://williambuck.com)



Valuation of the carrying value of goodwill and customer relationship intangible asset	
Area of focus Refer also to notes 2 (a), 6 (c) and 23 (i) (n)	How our audit addressed it
<p>The Consolidated Entity's net assets include Goodwill of \$12.5 million (2020: \$13.9 million) and \$Nil Customer Relationship intangible assets (2020: \$10 million).</p> <p>In April 2021 the Consolidated Entity was informed by a large federal Government Department that although the Consolidated Entity is a preferred tenderer, the Government did not intend to issue a new purchase order to the Consolidated Entity under the new terms of the contract/panel arrangement from 1 July 2021 onwards. The customer relationship intangible asset of \$10 million and Goodwill of \$1.9 million associated with the government contract was therefore fully impaired, resulting in an expense of \$11.9 million recognised in the current year.</p> <p>In accordance with accounting standards, goodwill balance is subject to annual impairment testing, and for this purpose it is allocated to the appropriate cash generating units ('CGU'). There is a risk that if the CGUs do not trade in line with expectations and forecasts, their carrying value could exceed their recoverable amount and therefore require impairment.</p> <p>The recoverable amount attributable to the CGUs which existed at 30 June 2021, has been calculated based on value-in-use.</p> <p>These recoverable amounts use discounted cash flow forecasts in which the directors make judgements over certain key inputs, for example but not limited to, revenue growth, discount rates applied, long term growth rates and inflation rates.</p>	<p>We have performed procedures to respond to the risk of misstatement of Goodwill and Customer Relationship, specifically the valuation of the Intangible Assets. These procedures included:</p> <ul style="list-style-type: none"> <li>— Obtaining a detailed understanding of the budgeting procedures put in place to prepare the FY2022 budget;</li> <li>— Evaluation of the director's assertion that the customer relationship intangible no longer has an indefinite useful life and should be fully impaired;</li> <li>— Recalculating the impairment charge recognised for customer relationship and related goodwill balance;</li> <li>— Testing the accuracy of the calculation derived from the budget and Discounted Cash Flow (DCF) as well as assessing the key inputs in the calculations such as revenue growth, director approved forecasts and our own views;</li> <li>— Engaging our own valuation specialists when considering the appropriateness of the discount rates and the long-term growth rates;</li> <li>— Reviewing the historical accuracy of forecasts by comparing actual results with the original forecasts;</li> <li>— Testing the sensitivity of the DCF model to variations in the underlying assumptions; and</li> <li>— Assessing whether disclosure in the financial report is appropriate.</li> </ul>
Carrying value of the shares in Associated Company – Acumentis (WA) Holdings Pty Ltd ("ACU WA")	
Area of focus Refer also to notes 14 (b) 23 (b)	How our audit addressed it
<p>The Consolidated Entity's net assets include an investment in an associated company valued at 2021: \$1.19 million (2020: \$1.11 million).</p> <p>In accordance with accounting standards, interests in associates are subject to annual impairment testing, and for these purposes they are allocated to the appropriate cash generating units ('CGU'). There is a risk that if the CGUs do</p>	<p>We have performed procedures to respond to the risk of overstatement of the shares in the Associate Company – ACU WA. These procedures included:</p> <ul style="list-style-type: none"> <li>— Obtaining a detailed understanding of the budgeting procedures put in place to prepare the FY2022 budget of ACU WA;</li> </ul>

<p>not trade in line with expectations and forecasts, their carrying value could exceed their recoverable amount and therefore require impairment.</p> <p>The recoverable amount attributable to the CGUs which existed at 30 June 2021, has been calculated based on value-in-use. These recoverable amounts use discounted cash flow forecasts in which the directors make judgements over certain key inputs, for example but not limited to, revenue growth, discount rates applied, long term growth rates and inflation rates.</p>	<ul style="list-style-type: none"> <li>— Testing the accuracy of the calculation derived from the ACU WA budget and Discounted Cash Flow (DCF) as well as assessing the key inputs in the calculations such as revenue growth, director approved forecasts and our own views;</li> <li>— Engaging our own valuation specialists when considering the appropriateness of the discount rates and the long-term growth rates;</li> <li>— Reviewing the historical accuracy of ACU WA forecasts by comparing actual results with the original forecasts;</li> <li>— Testing the sensitivity of the DCF model to variations in the underlying assumptions; and</li> <li>— Assessing whether disclosure in the financial report is appropriate.</li> </ul>
Compliance with loan facility covenants	
<b>Area of focus</b> Refer also to notes 5 (a), 5 (e), 11(b), 23 (j) and 23 (p)	<b>How our audit addressed it</b>
<p>The Consolidated Entity has certain requirements to comply with under its loan facility agreement, including (amongst others):</p> <ul style="list-style-type: none"> <li>• Consolidated EBITDA,</li> <li>• Consolidated Revenue, and</li> <li>• Equity ratio.</li> </ul> <p>Non-compliance with loan facility covenants may result in the facility being ended and additional charges incurred, which may be detrimental to the going concern ability of the Consolidated Entity.</p> <p>As at 30 June 2021, Acumentis Group Limited satisfied its requirements under the facility agreement.</p>	<p>We have performed procedures to assess compliance of the loan facility covenants and the consequences if the covenants were breached and called upon. These procedures included:</p> <ul style="list-style-type: none"> <li>— Assessing whether the Consolidated Entity can satisfy the covenant requirements and terms under the facility agreement;</li> <li>— Assessing whether debt has been correctly included, properly classified, described and disclosed in the financial statements;</li> <li>— Assessing whether debt representing the amount due to the lenders under an enforceable facility agreement has been recorded in the financial statements;</li> <li>— Assessing whether debt has been recorded at accurate amounts and reflects all events and circumstances that affect its underlying valuation; and</li> <li>— Assessing whether disclosure in the financial report is appropriate.</li> </ul>

<b>Business Combination – Saunders &amp; Pitt</b>	
<b>Area of focus</b> Refer also to notes 7, 13, 23 (b) and 23 (h)	<b>How our audit addressed it</b>
<p>As disclosed in the financial report, the parent entity acquired the business and assets of Saunders &amp; Pitt, effective 1 April 2021.</p> <p>The acquisition was settled for a maximum purchase price of \$507k comprising cash paid and ordinary shares issued.</p> <p>The acquisition of Saunders &amp; Pitt falls under the scope of AASB 3 - Business Combinations.</p> <p>As a consequence of the timing of the transaction, the accounting is still provisional as at 30 June 2021. AASB 3 allows a measurement period up to a maximum of 12 months from the date of the transaction to finalise the accounting.</p>	<p>We have performed procedures to assess whether the acquisition was accounted for in accordance with Accounting Standards as at 30 June 2021. These procedures included:</p> <ul style="list-style-type: none"> <li>— Review of the sale and purchase agreement and supporting documentation to understand the key terms and conditions of the acquisition;</li> <li>— Testing the determination of the acquisition date on which the Consolidated Entity obtained control;</li> <li>— Testing the determination of the fair value of the consideration paid by the Consolidated Entity;</li> <li>— Assessing the process of determining the fair values of the acquired assets and liabilities, and the identification of any unrecognised intangible assets;</li> <li>— Assessing any potential indicators of impairment; and</li> <li>— Assessing the adequacy of the Consolidated Entity's disclosures in relation to the business and asset acquisition of Saunders &amp; Pitt.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our independent auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2021.

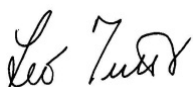
In our opinion, the Remuneration Report of Acumentis Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Consolidated Entity 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.

A handwritten signature in dark ink that reads 'William Buck'.

**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521

A handwritten signature in dark ink that reads 'L.E. Tutt'.

**L.E. Tutt**  
Partner  
Sydney, 5 August 2021

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The Company was admitted to the Australian Stock Exchange under rule 1.3.2(b).

### Shareholdings

Shareholding details are as at 26 July 2021.

### Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of Ordinary Shares	Percentage
Redbrook Nominees Pty Ltd	31,577,978	18.2%
Newport Shipping Company Pty Limited	19,810,755	11.4%

### Voting rights

Ordinary shares	Holders of ordinary shares are entitled to one vote per share at shareholder meetings.
Options	There are no voting rights attached to options

### Distribution of equity security holders

Category	Number of Shareholders	Number of shares
1 – 1,000	55	18,738
1,001 – 5,000	231	821,260
5,001 – 10,000	176	1,390,461
10,001 – 50,000	297	7,571,241
50,001 – 100,000	99	7,385,096
100,001 and over	168	156,605,696
<b>Total</b>	<b>1,026</b>	<b>173,792,492</b>

As at 30 June 2021 there were 159,005,153 ordinary shares on issue (note 7(a)), however on 23 July 2021 13,820,096 ordinary shares were issued in relation to the acquisition of the remaining 57.8% of Acumentis (WA) Holdings Pty Ltd (note 17(a)) and a further 967,243 ordinary shares were issued to satisfy advisor fees in relation to the acquisition.

On-market buy back	There is no current on-market buy back.
Unmarketable Parcels	The number of shareholders holding less than a marketable parcel of 3,846 shares (based on closing price of \$0.13 on 26 July 2021 is 142 and they hold 228,388 securities).

## Twenty largest shareholders

Name	Number of Ordinary Shares	Percentage
Redbrook Nominees Pty Ltd	14,339,068	8.3%
Newport Shipping Company Pty Limited	13,840,755	8.0%
Acres Holdings Pty Ltd <Noel Edward Kagi Family A/C>	9,752,473	5.6%
White Valuations Pty Ltd <Glen White Super Fund A/C>	5,939,583	3.4%
Mr Leslie Peter Wozniczka	5,720,000	3.3%
Enable Investment Manager Pty Ltd	4,769,346	2.7%
Carossah Pty Ltd <RI & CMM Sharp A/C>	4,411,112	2.5%
Kiut Investments Pty Ltd <Keppel Investments Unit A/C>	4,239,071	2.4%
Ms Lynette Jane Ellis & Mr Jeffrey George Keane	3,558,334	2.0%
Gogorm Super Pty Ltd <Gogorm Super Fund A/C>	3,182,494	1.8%
Continuum Property Consultancy Pty Ltd	3,033,212	1.7%
Arkmist Pty Ltd <G Boulougouris Family A/C>	2,845,712	1.6%
Ventura Resources Pty Ltd <Ventura A/C>	2,832,548	1.6%
Blake Francis Dean Lieschke <Lieschke Family A/C>	2,747,576	1.6%
Tony Michael Gorman <TMG Investment A/C>	2,606,565	1.5%
Mr Stewart Andrew Smith 5 Daisy Street	2,548,738	1.5%
Nathan Alexander King <The King Family A/C>	2,507,063	1.4%
Ian D Bolewski Pty Ltd <Bolewski Family A/C>	2,433,212	1.4%
Raptis Property Consultants Pty Ltd	2,433,212	1.4%
Mr Noel Edward Kagi & Mrs Michelle Leonie Kagi	2,396,437	1.4%
	96,136,511	55.3%

**Company secretary** John Wise

**Principal registered office** Level 7, 283 Clarence Street  
Sydney NSW 2000

Telephone 02 8823 6300  
Facsimile 02 8823 6399  
Website [www.acumentis.com.au](http://www.acumentis.com.au)

**Location of share registry** Automic Registry Services  
  
PO Box 2226  
Strawberry Hills NSW 2012

Telephone 1300 288 664 (toll free within Australia)  
+61 2 9698 5414 (outside Australia)

Email [hello@automic.com.au](mailto:hello@automic.com.au)

**Stock exchange** The company is listed on the Australian Stock Exchange ("ACU")

**Other information** Acumentis Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.