Acumentis
DECISION CERTAINTY

Acumentis Group Limited

ABN 50 102 320 329

Annual financial statements
30 June 2023

ANNUAL FINANCIAL REPORT – 30 JUNE 2023

A.

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 2023 and the auditor's report thereon.

Directors & Company Secretary

The Directors & Company Secretary 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
Keith Perrett 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 Chair of Audit & Risk Committee 08/11/22 – current Nominations & Remuneration Committee 22/02/18 – 21/11/19 21/02/21 – 22/04/21 08/11/22 - current 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
Les Wozniczka Non-Executive Director 13/04/21 – current Nominations & Remuneration Committee 22/04/21 – current Audit & Risk Committee 22/04/21 – 07/11/22	Les Wozniczka has been an active private investor since retiring as Chief Executive of Futuris Corporation in 2008 and currently holds a 11.9% stake in Acumentis Group Limited. He has been a director of public companies and is experienced in the management of regulated entities. 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. Les has an MBA and BSc (Psych) from UNSW and DipEd from the University of Adelaide.	None

Officer & Positions Held	Qualifications and Experience	Directorships of Other Listed Entities in Last 3 Years
Andrea Staines 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	Andrea Staines OAM has been a professional Non-Executive Director in excess of fifteen years on a range of Australian and New Zealand entities and is currently on the board of social enterprise UnitingCare Queensland. Andrea has experience in the property sector through her time on the board of QIC. She has extensive experience from being on the boards of entities with operations distributed nationwide including social enterprise Goodstart Early Learning, ASX-listed Aurizon & Kelsian Group, Australia Post and Australian Rail Track Corporation. 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 led Qantas Revenue Management - a team that optimized Qantas passenger revenue using mathematical techniques. Before joining Qantas, Andrea worked in various financial and strategy roles with American Airlines at their Dallas headquarters. Andrea has an MBA from the University of Michigan and a Bachelor of Economics from the University of Queensland. She is a Fellow of the Australian Institute of Company Directors (AICD) and a Member of Chief Executive Women (CEW).	Kelsian Group Limited (previously SeaLink Travel Group Limited) 15/02/16 – 25/10/22
Timothy Rabbitt Managing Director Executive director 10/12/20 - current	Tim has worked with Acumentis since 1992 (then Taylor Byrne) and been in the CEO role since September 2019 and was appointed Managing Director in December 2020. 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. As CEO of 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. A Certified Practicing 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. 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.	None

Officer & Positions Held	Qualifications and Experience	Directorships of Other Listed Entities in Last 3 Years
Patrice Sherrie Independent Director Non-Executive director 01/11/20 – 08/11/22 Audit & Risk Committee 01/11/20 – 08/11/22 Chair of Audit & Risk Committee 01/11/20 – 08/11/22 Nominations & Remuneration Committee 01/11/20 – 08/11/22	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, Millovate and The Lord Mayors Charitable Trust (Brisbane). 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
John Wise Company Secretary 27/09/16 – current	John joined Acumentis in September 2016 as Chief Financial Officer and Company Secretary. John has had extensive experience in the property services sector having previously held the position of CFO & Company Secretary at Savills from 1999 until 2016. John trained with Price Waterhouse in the UK and also worked in Hungary before emigrating to Australia in 1990. 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).	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:

	Board		Audit & Risk Committee		Nominations & Remuneration Committee	
Director	Held	Attended	Held	Attended	Held	Attended
Keith Perrett	11	11	3	3	3	3
Andrea Staines	11	9	6	6	4	4
Patrice Sherrie	4	4	3	3	1	1
Timothy Rabbitt	11	10	-	-	-	-
Les Wozniczka	11	10	6	6	4	4

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 2023 Corporate Governance Statement is dated as at 30 June 2023 and reflects the corporate governance practices in place at the end of the 2023 financial year. The 2023 Corporate Governance Statement was approved by the board on 14th August 2023 and can be viewed at: http://www.acumentis.com.au/investor-centre/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 2023 $000s	Year ended 30 June 2022 $000s	Increase/ (Decrease) $000s	% Change
Revenue				
Continuing operations	53,700	55,369	(1,669)	(3%)
Gain on de-recognition of investment in associated entity	-	1,539	(1,539)	(100%)
	53,700	56,908	(3,208)	(6%)
Profit before tax				
Operating profit from continuing operations	727	38	689	1,813%
Gain on de-recognition of investment in associated entity	-	1,539	(1,539)	(100%)
Acquisition costs expensed	-	(156)	156	(100%)
	727	1,421	(694)	(49%)
Income tax (expense) / benefit	(298)	24	(322)	(1,342%)
Net profit after tax from continuing operations	429	1,445	(1,016)	(70%)

The results for the year ended 30 June 2023 reflect the success of the strategies to diversify revenues geographically, focussing on development of government, corporate and private clients as well as non-finance related valuation and advisory services.

With the increase in interest rates throughout the year, fees earned from financial institutions related to lending decreased by 19% year on year but Acumentis was successful in offsetting this fall with a 78% year on year increase in fees from government clients and a 14% year on year increase in fees from corporate and private clients.

Whilst overall revenues fell 3%, operating profits from continuing operations increased significantly as a result of restructuring undertaken in 2022 improving gross margins and lowering overhead costs.

The company delivered an operating profit of $727K (FY22 $38K) and a profit before tax of $727K (FY22 $1,421K).

The result for the year ended 30 June 2023 includes the following significant items:

Expenses

- Redundancy and termination costs 225,000

Business Overview

The business continues to diversify its revenues streams geographically with growth in revenues in WA and SA in particular following the acquisition of these businesses during the previous financial year.

Whilst the current financial year saw a reduction in fees from financial institutions, this was offset by strong growth in fees derived from government, corporate and private clients.

The business now has a more diversified fee base with non-finance related fees making up circa 40% of total fees.

Outlook

The Board expects economic conditions in FY24 to remain challenging with high interest rates and inflation as well as the risk of recession adversely impacting business and consumer confidence. Despite the challenges, the business is in a position to grow and deliver improved profitability.

Dividends

The Board has not declared any dividends with respect to FY23 (FY22: 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

There were no 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.

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
Current members		
Andrea Staines (Member & Chair from 21 November 2019)	Y	Y
Leslie Wozniczka (Member from 22 April 2021)	N	Y
Keith Perrett (Member from 8 November 2022)	Y	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.

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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.

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Revenue from rendering services	53,519	55,163	44,043	36,666	41,493
EBITDA[1]	3,420	2,035	4,902	(38)	(1,612)
Net profit / (loss) to equity holders of the Company	429	1,445	(9,688)	(2,555)	(15,148)
Earnings / (loss) per share (cents)	0.23	0.83	(6.19)	(1.76)	(18.36)

Note 1: EBITDA excludes gain on de-recognition of investment in associated company (note 13 (a)) and gain on disposal of non-current assets.

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

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Dividends declared (per share)	-	-	-	-	-
Share price at the end of the period	$0.061	$0.095	$0.115	$0.080	$0.180

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 $273,000. 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:

		Short term		Post-employment		Long term		Total $	Performance related %	Share based %
Name	Year	Salary & Fees $	STI (b) $	Super-annuation benefits $	Termination benefits $	Movement in long term benefits $	Share based payments $			
Non-executive directors										
K Perrett	**2023**	**120,000**	**-**	**-**	**-**	**-**	**-**	**120,000**	**-**	**-**
	2022	120,000	-	-	-	-	-	120,000	-	-
A Staines	**2023**	**58,823**	**-**	**6,177**	**-**	**-**	**-**	**65,000**	**-**	**-**
	2022	59,546	-	5,954	-	-	-	65,500	-	-
P Sherrie[1]	**2023**	**20,814**	**-**	**2,186**	**-**	**-**	**-**	**23,000**	**-**	**-**
	2022	59,546	-	5,954	-	-	-	65,500	-	-
L Wozniczka	**2023**	**65,000**	**-**	**-**	**-**	**-**	**-**	**65,000**	**-**	**-**
	2022	65,500	-	-	-	-	-	65,500	-	-
Executive directors										
T Rabbitt	**2023**	**378,361**	**34,792**	**25,292**	**-**	**(8,793)**	**(13,659)[3]**	**415,993**	**8%**	**-3%**
	2022	387,559	80,500	23,568	-	6,409	52,140	550,176	15%	9%
Other key management personnel										
J Wise	**2023**	**252,904**	**22,986**	**25,711**	**-**	**3,410**	**15,716**	**320,727**	**7%**	**5%**
	2022	256,559	35,455	25,269	-	3,675	8,455	329,413	11%	3%

1 *Appointed 1 November 2020 and resigned 8 November 2022*
2 *Other directors and senior executive officers were employed throughout both financial years*
3 *Includes the effect of lapse of FY21 tranche of rights due to the performance condition not being met*

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 Company. 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 initially approved by shareholders at the 2018 Annual General Meeting and renewed for a further 3 years at the 2021 Annual General Meeting.

Options

There were no options held by key management personnel outstanding at the date of this report (2022: nil).

Performance Rights

Performance rights may be granted under the Acumentis Group Performance Rights and Option Plan which was first approved by shareholders at the 2018 Annual General Meetings and the approval was renewed for a further 3 years at the 2021 Annual General Meeting. The Plan allows the Company to grant options or rights to selected senior executives 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.

Performance rights on issue are as follows:

Tranche	Date	Transaction	Chief Executive Officer	Chief Financial Officer	Other employees	Total
FY21	15 Oct 20	Grant	1,000,000	-	-	1,000,000
	30 Jun 23	Lapse (market & performance conditions not met)	(1,000,000)	-	-	(1,000,000)
			-	-	-	-
FY22	20 Sep 21	Grant	-	240,000	1,200,000	1,440,000
	28 Oct 21	Grant	240,000	-	-	240,000
	8 Apr 22	Forfeit (service condition not met)	-	-	(144,000)	(144,000)
	10 Jun 22	Forfeit (service condition not met)	-	-	(120,000)	(120,000)
	19 May 23	Forfeit (service condition not met)	-	-	(240,000)	(240,000)
			240,000	240,000	696,000	1,176,000
FY23	25 Oct 22	Grant	405,000	300,000	435,000	1,140,000
			405,000	300,000	435,000	1,140,000
Total			645,000	540,000	1,131,000	2,316,000

Further information on performance rights can be found at note 19(a) to the financial statements.

Vesting conditions are as follows:

Tranche		FY21	FY22	FY23
Number of rights on issue		-	1,176,000	1,140,000
Service Condition	The executive must remain employed for 3 years to the finalisation of the statutory audit for the financial year ended. If the service condition is not met none of the performance rights will vest.	30 Jun 23	30 Jun 24	30 Jun 25
Market Condition	50% of the performance rights will vest of the total shareholder return ("TSR") for Acumentis is at least equal to the TSR for the ASX300 for the period	1 Jul 20 – 30 Jun 23	1 Jul 21 – 30 Jun 24	1 Jul 22 – 30 Jun 25
Performance Condition	50% of the performance rights will vest pro-rata based on the earnings per share of Acumentis Group Limited being between	2.4 cents & 3.2 cents for FY23	2.5 cents & 3.4 cents for FY24	2.6 cents & 3.5 cents for FY25

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 Consolidated Entities' stakeholders.

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

Vesting and exercise of performance rights issued during prior years

No performance rights vested during the year ended 30 June 2023 (2022: 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 2023	15%	85%	2024
John Wise	30 June 2023	50%	50%	2024

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	212,500
John Wise	3	75,000

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:

2023	Held at 1 July 2022	Purchases	Sales	Appointment / (Retirement) from Board	Held at 30 June 2023
Non-Executive Directors					
Keith Perrett	418,577	822,857	-	-	1,241,434
Andrea Staines	-	-	-	-	-
Patrice Sherrie	-	-	-	-	-
Les Wozniczka	19,810,755	6,142,858	-	-	25,953,613
Executive Directors					
Timothy Rabbitt	1,477,479	394,612	-	-	1,872,091
Key Management Personnel					
John Wise	265,884	200,856	-	-	466,740

2022	Held at 1 July 2021	Purchases	Sales	Appointment / (Retirement) from Board	Held at 30 June 2022
Non-Executive Directors					
Keith Perrett	418,577	-	-	-	418,577
Andrea Staines	-	-	-	-	-
Patrice Sherrie	-	-	-	-	-
Les Wozniczka	19,810,755	-	-	-	19,810,755
Executive Directors					
Timothy Rabbitt	1,463,479	14,000	-	-	1,477,479
Key Management Personnel					
John Wise	222,515	43,369	-	-	265,884

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 2022 or 30 June 2023.

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	1,241,434
Andrea Staines	-
Timothy Rabbitt	1,872,091
Les Wozniczka	25,953,613

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 (2022: 2,500,000). Refer to note 7 for further details.

Shares issued on exercise of options

There were no options exercised during the year (2022: Nil).

Indemnification and Insurance of officers and auditors

Officers

The Company 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 16 and forms part of the Directors' Report for the financial year ended 30 June 2023.

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:

	2023 $	2022 $
Statutory and other audit services		
Full year audit	174,000	160,000
Half year review	60,000	60,000
	234,000	220,000
Service other than statutory audit		
Preparation & lodgement of taxation returns	9,790	13,740
Tax advice:		
• Acquisition due diligence	-	13,500
	9,790	27,240

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

Keith Perrett
Director
Dated at Sydney this 14th day of August 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ACUMENTIS GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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.

Yours faithfully

William Buck
Accountants & Advisors
ABN: 16 021 300 521

Domenic Molluso
Partner
Sydney, 14 August 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023 $000	2022 $000
Revenue from rendering of services	1	53,519	55,163
Gain on de-recognition of investment in associated company	13(a)	-	1,539
Other income	3(a)	181	206
		53,700	56,908
Expenses from operating activities:			
Employee expenses		39,022	41,336
Software, printing & stationary expenses		2,657	2,805
Marketing expenses		824	765
Communications expenses		311	555
Insurance expenses		2,490	2,897
Administration expenses		1,021	1,234
Occupancy expenses		699	648
Depreciation and amortisation expenses		2,287	1,935
Other expenses from operating activities		3,309	3,030
		52,620	55,205
Results from operating activities		1,080	1,703
Finance income	3(b)	35	36
Finance expense	3(b)	(388)	(318)
		(353)	(282)
Profit before tax		727	1,421
Income tax (expense) / benefit	4	(298)	24
Profit for the year attributable to owners of the parent		429	1,445
Total comprehensive profit for the year attributable to owners of the parent		429	1,445
Basic earnings per share	21(a)	0.23 cents	0.83 cents
Diluted earnings per share	21(b)	0.22 cents	0.81 cents

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

A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Note	2023 $000	2022 $000
Cash and cash equivalents	5(a)	1,697	856
Term deposits	5(b)	1	42
Trade and other receivables	5(c)	5,916	6,287
Other financial assets	5(d)	371	349
Other current assets	6(f)	1,064	1,361
Total current assets		9,049	8,895
Other financial assets	5(d)	284	653
Term deposits	5(b)	913	887
Deferred tax assets	6(e)	2,545	2,835
Plant and equipment	6(a)	737	934
Right of use assets	6(b)	2,505	2,489
Intangible assets	6(c)	22,140	22,245
Total non-current assets		29,124	30,043
Total assets		38,173	38,938
Liabilities			
Trade and other payables	5(e)	3,834	4,162
Borrowings	5(f)	8	908
Lease liabilities	5(g)	1,765	1,561
Current tax liabilities	6(d)	-	28
Deferred consideration	5(h)	143	406
Employee benefits	6(g)	4,897	5,229
Total current liabilities		10,647	12,294
Borrowings	5(f)	39	1,448
Lease liabilities	5(g)	1,566	2,271
Deferred consideration	5(h)	1,263	1,406
Employee benefits	6(g)	446	509
Provisions	6(h)	142	182
Total non-current liabilities		3,456	5,816
Total liabilities		14,103	18,110
Net assets		24,070	20,828
Equity			
Issued capital	7	22,208	19,433
Retained earnings		1,697	1,268
Other reserves	8	165	127
Total equity		24,070	20,828

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 2021		44,887	(27,600)	31	17,318
Shares issued	7(a)	1,969	-	-	1,969
Share based payments expense	8	-	-	96	96
Total comprehensive profit attributable to members of the parent entity		-	1,445	-	1,445
Corporations Act 2001 s258F reduction in capital	7(b)	(27,423)	27,423	-	-
Balance at 30 June 2022		19,433	1,268	127	20,828
Balance at 1 July 2022		**19,433**	**1,268**	**127**	**20,828**
Shares issued	**7(a)**	**2,775**	-	-	**2,775**
Share based payments expense	**8**	-	-	**38**	**38**
Total comprehensive profit attributable to members of the parent entity		-	**429**	-	**429**
Balance at 30 June 2023		**22,208**	**1,697**	**165**	**24,070**

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

A.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities	Note	2023 $000	2022 $000
Cash receipts in the course of operations		59,591	59,867
Lease receipts		350	241
Cash payments in the course of operations		(56,228)	(58,109)
Interest received	3(b)	32	36
Interest paid	3(b)	(388)	(318)
Income tax paid		(36)	(170)
Net cash provided by operating activities	9(a)	3,321	1,547
Cash flows from investing activities			
Payments for plant and equipment	6(a)	(331)	(447)
Payments for intangible assets	6(c)	(450)	(617)
Purchase of investments			
- Acquisition of incorporated entities	13(a),(b)	-	(805)
- Deferred consideration paid	5(h), 13(a),(b)	(406)	(61)
- Refund of previously paid consideration		-	27
Decrease / (increase) in security deposits invested		15	(87)
Loans advanced		-	(189)
Loans repaid		-	20
Net cash used in investing activities		(1,172)	(2,159)
Cash flows from financing activities			
Shares issued (net of costs)	7(a)	2,775	-
Repayment of borrowings	5(f)	(2,309)	(440)
Repayment of lease liabilities		(1,774)	(1,668)
Dividends paid		-	(110)
Net cash provided from financing activities		(1,308)	(2,218)
Net increase / (decrease) in cash and cash equivalents held		841	(2,830)
Cash and cash equivalents at beginning of the year		856	3,686
Cash and cash equivalents at the end of the year	5(a)	1,697	856

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

A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A.

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

	2023 $000	2022 $000
Revenue from rendering of services	53,423	55,114
Recovery of disbursements	75	20
Recharge of shared services to licensees	21	29
	53,519	55,163

(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 24(e).

A.

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	2023 $000	2022 $000
Income			
Gain on de-recognition of investment in associated company	13(a)	-	1,539
Expenses			
Redundancy and termination costs		225	248
Acquisition costs expensed		-	156
IT&T MSP migration non-recurring costs		-	395

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

	2023 $000	2022 $000
Licence fee income	159	181
Sundry income	22	25
	181	206

Licence fee income represented fees charged to non-controlled entities which had been licenced to use the Acumentis brand and systems. Licence fees were charged as a percentage of revenue earned by the licensee.

(b) Finance income and expenses

	2023 $000	2022 $000
Finance income		
- Employee loans - $3K capitalised (2022 $Nil)	11	4
- Lease income from sublease	22	27
- Term deposits	2	5
	35	36
Finance expenses		
- Borrowings	(100)	(79)
- Leases	(177)	(186)
- Overdrafts	(49)	(26)
- Insurance premium finance	(62)	(27)
	(388)	(318)

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)

	2023 $000	2022 $000
Current tax		
Current year tax payable	105	98
Utilisation of brought forward tax losses	(105)	(98)
Adjustments for prior years	8	19
Total current tax expense	8	19
Deferred income tax		
Decrease / (increase) in deferred taxes (note 6(e))	290	(43)
Total deferred tax expense / (benefit)	290	(43)
Income tax expense / (benefit)	298	(24)

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

	2023 $000	2022 $000
Profit from continuing operations before tax	727	1,421
Prima facie income tax benefit calculated at 30% on profit (2022: 30%)	218	426
Increase / (decrease) in income tax expense due to:		
Non-deductible expenses		
- Entertainment	21	17
- Other expenses	-	-
Effect of non-assessable gain on de-recognition of investment in associated company	-	(462)
	239	(19)
Adjustments for prior years	59	14
Restatement of future tax benefit from 26% to 30%[1] (note 6(e))	-	(19)
Income tax expense / (benefit)	298	(24)

Note 1: to reflect expected revenues exceeding $50M and the entity no longer qualifying for lower tax 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	2023 $000	2022 $000
Financial assets at amortised cost			
Cash and cash equivalents	5(a)	1,697	856
Term deposits	5(b)	914	929
Trade and other receivables	5(c)	5,916	6,287
Other financial assets	5(d)	655	1,002
		9,182	9,074
Financial liabilities at amortised cost			
Trade and other payables	5(e)	3,834	4,162
Borrowings	5(f)	47	2,356
Lease liabilities	5(g)	3,331	3,832
Deferred fixed consideration	5(h)	143	549
		7,355	10,899
Financial liabilities at fair value			
Deferred contingent consideration	5(h)	1,263	1,263

(a) Cash and cash equivalents

	2023 $000	2022 $000
Cash at bank and on hand	1,275	856
Receivables finance facility	422	-
Cash and cash equivalents in the Statement of Cash Flows	1,697	856

The receivables finance facility is able to be drawn drown without notice and funds are immediately available. Receipts from trade receivables are banked into a specific bank account which is swept each day to credit the receivables finance account. As a result, the receivables finance account balance often fluctuates between being positive to being negative.

The receivables finance account forms an integral part of the Consolidated Entity's cash management and is operated as though it was a bank account with an overdraft facility.

The receivables finance facility account is therefore included in cash and cash equivalents in accordance with the requirements and definitions in Australian Accounting Standard AASB107 Cash Flow Statements.

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

	2023 $000	2022 $000
Available:		
Receivables finance facility	3,000	-
Bank bill & loan facility	-	2,300
Bank overdraft	-	1,700
	3,000	4,000
Unused at reporting date:		
Receivables finance facility	3,000	-
Bank bill & loan facility	-	-
Bank overdraft	-	1,700
	3,000	1,700

During the year, the Consolidated Entity's approach to capital management changed. Following the capital raise in February/March 2023, the Consolidated Entity repaid outstanding bank bills and replaced its $1.7M overdraft facility with a $3M receivables facility which carries a lower interest rate.

The receivables finance facility may be drawn at any time, may be terminated by the bank without notice and is secured via floating charges over the trade receivables of the Consolidated Entity together with fixed and floating charges of the other assets and business of the Consolidated Entity.

The facility carries interest at the 30 day bank bill rate plus a margin of 2.1%. The current rate is 7.47%. A line fee of 1% is also charged.

The facility is subject to annual review with the next review in October 2023.

(b) Term deposits

	2023 $000	2022 $000
Current		
Term Deposits	1	42
Non-current		
Term Deposits	913	887

Term deposits are held to provide security for bank guarantees, which are required for property leases and a customer contract. Property leases are typically for fixed periods of up to 7 years but may include extension options. Term deposits have maturities ranging from 1 to 12 months, however will be rolled over for as long as bank guarantees are required to be kept.

(c) Trade and other receivables

	2023 $000	2022 $000
Current		
Trade receivables	5,931	6,522
Less: provision for expected credit losses	(152)	(299)
Other receivables	137	64
	5,916	6,287

(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 24(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(a).

(d) Other financial assets

	2023 $000	2022 $000
Current		
Lease receivable – right of use assets	371	349
Non-current		
Lease receivable – right of use assets	95	467
Employee loans (note 18(d))	189	186
	284	653

(e) Trade and other payables

	2023 $000	2022 $000
Current		
Trade payables	705	1,262
Other payables and accrued expenses	3,129	2,900
	3,834	4,162

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.

(f) Borrowings

	2023 $000	2022 $000
Current		
Commercial bank loans	-	900
Motor vehicle loan	8	8
	8	908
Non-Current		
Commercial bank loans	-	1,400
Motor vehicle loan	39	48
	39	1,448

During the year, the Consolidated Entity's approach to capital management changed. Following the capital raise in February/March 2023, the Consolidated Entity repaid the outstanding bank bills totalling $2,300,000.

Movement in bank loans and bills

	Short-term loan $'000	Motor vehicle loan $'000	Bank loan $'000	Total $'000
Balance as at 1 July 2021	-	-	2,600	2,600
Acquisition of controlled entity	137	59	-	196
Repayments	(137)	(3)	(300)	(440)
Balance as at 30 June 2022	-	56	2,300	2,356
Balance as at 1 July 2022	-	56	2,300	2,356
Advances	-	-	-	-
Repayments	-	(9)	(2,300)	(2,309)
Balance as at 30 June 2023	-	47	-	47

Secured liabilities

The motor vehicle loan carries fixed interest at 3.49% and has total repayments of $836 per month. The motor vehicle loan is secured by fixed charge over the related motor vehicle. The loan is not subject to review.

The bank loan carried a floating interest rate of BBSY + 2.6% plus a 1% facility fee and had capital repayments of $75,000 per month. The bank loan was secured by fixed and floating charges over the assets and business of the Consolidated Entity. The loan was repaid in March 2023 and replaced with a receivables finance facility (note 5(a)).

(g) Lease liabilities

	2023 $000	2022 $000
Current		
Lease liabilities – right of use assets	1,765	1,561
Non-Current		
Lease liabilities – right of use assets	1,566	2,271
Total	3,331	3,832
Payable as follows		
Within one year	1,878	1,691
One year or later and no later than five years	1,636	2,353
Later than five years	-	-
	3,514	4,044
Future finance charges	(183)	(212)
Recognised as a liability	3,331	3,832

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.

(h) Deferred consideration

Deferred consideration relates to the acquisition of Acumentis (WA) Holdings Pty Ltd ("ACU WA") on 1 July 2021 and the acquisition Acumentis (SA) Pty Ltd ("ACU SA") on 1 February 2022.

	2023 $000	2022 $000
Current		
Fixed consideration		
ACU SA paid in two equal instalments on 10 Aug 2022 & 10 Feb 2023	-	286
ACU WA paid in two equal instalments on 23 Jul 2022 & 23 Jan 2023	-	120
ACU SA payable 10 Aug 2023	143	-
	143	406
Non-Current		
Fixed consideration		
ACU SA paid 10 Aug 2023	-	143
Contingent consideration	1,263	1,263
	1,263	1,406
Total	1,406	1,812

(i) Contingent consideration

Contingent consideration of $797,000 was recognised for the acquisition of ACU WA (note 13(a)) and $466,000 for the acquisition of ACU SA (note 13(b)).

The fair value of the contingent consideration is based upon estimates of average profits before tax of the entities to June 2025. These estimates are based on parent profit levels, revenue growth of between 3% and 5%, overheads maintained at current levels with 3% annual increases from FY2024 and increase in employment expenses calculated as 55% of the increase in revenue in the years after.

Contingent consideration has not been discounted to its present value as the effect is not material.

Movement in deferred contingent consideration

	2023 $000	2022 $000
Balance at 1 July	1,263	-
Arising on acquisitions:		
• Acumentis (WA) Pty Ltd (note 13(a))	-	797
• Acumentis (SA) Pty Ltd (note 13(b))	-	466
(Gain) / loss recognised in other comprehensive income		
• Acumentis (WA) Pty Ltd	-	-
• Acumentis (SA) Pty Ltd	-	-
Balance at 30 June	1,263	1,263

The deferred contingent consideration liability represents the fair value of amounts which may become payable in August 2025 in connection with the acquisition of subsidiaries. The amount payable is dependent on the acquired businesses performance for the three years ending 30 June 2025.

The deferred consideration was measured as at 30 June 2023 and no adjustment was required to be recorded in other comprehensive income for the year ended 30 June 2023.

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	Motor Vehicles $000	Total $000
Cost					
Balance at 1 July 2021	1,393	574	446	-	2,413
Additions	400	46	1	-	447
Acquisition of controlled entities	375	57	164	68	664
Disposals	(163)	(16)	-	-	(179)
Balance at 30 June 2022	2,005	661	611	68	3,345
Balance at 1 July 2022	**2,005**	**661**	**611**	**68**	**3,345**
Additions	**246**	**67**	**18**	**-**	**331**
Disposals	**(53)**	**(155)**	**(208)**	**-**	**(416)**
Balance at 30 June 2023	**2,198**	**573**	**421**	**68**	**3,260**
Accumulated Depreciation					
Balance at 1 July 2021	1,005	475	221	-	1,701
Acquisition of controlled entities	303	49	120	10	482
Depreciation charge for the year	254	57	90	6	407
Disposals	(163)	(16)	-	-	(179)
Balance at 30 June 2022	1,399	565	431	16	2,411
Balance at 1 July 2022	**1,399**	**565**	**431**	**16**	**2,411**
Depreciation charge for the year	**345**	**48**	**69**	**13**	**475**
Disposals	**(53)**	**(147)**	**(163)**	**-**	**(363)**
Balance at 30 June 2023	**1,691**	**466**	**337**	**29**	**2,523**
Carrying Amounts					
1 July 2021	388	99	225	-	712
30 June 2022	606	96	180	52	934
1 July 2022	**606**	**96**	**180**	**52**	**934**
30 June 2023	**507**	**107**	**84**	**39**	**737**

(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 24(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 underling lease
- Motor vehicles — 5 years

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.

	Buildings $000	Office Equipment $000	Total $000
Cost			
Balance at 1 July 2021	7,273	-	7,273
Additions	1,724	208	1,932
Acquisition of controlled entities	171	-	171
Disposals	(4,252)	-	(4,252)
Balance at 30 June 2022	4,916	208	5,124
Balance at 1 July 2022	4,916	208	5,124
Additions	1,273	-	1,273
Disposals	(1,924)	-	(1,924)
Balance at 30 June 2023	4,265	208	4,473
Accumulated Depreciation			
Balance at 1 July 2021	4,701	-	4,701
Acquisition of controlled entities	62	-	62
Depreciation charge for the year	1,054	69	1,123
Disposals	(3,251)	-	(3,251)
Balance at 30 June 2022	2,566	69	2,635
Balance at 1 July 2022	2,566	69	2,635
Depreciation charge for the year	1,188	69	1,257
Disposals	(1,924)	-	(1,924)
Balance at 30 June 2023	1,830	138	1,968
Carrying Amounts			
1 July 2021	2,572	-	2,572
30 June 2022	2,350	139	2,489
1 July 2022	2,350	139	2,489
30 June 2023	2,435	70	2,505

	2023 $000	2022 $000
Lease liabilities		
Current	1,765	1,561
Non-current	1,566	2,271
	3,331	3,832

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

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

	2023 $000	2022 $000
Depreciation and impairment charge of right of use assets		
Buildings	1,188	1,054
Office equipment	69	69
	1,257	1,123
Interest expenses (included in finance cost)	177	186
Expenses relating to short term leases (included in occupancy expenses)	210	369

The total cash outflow for leases in 2023 was $1,774,000 (2022: $1,668,000).

(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 asset's 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.

(c) Intangible assets

	Notes	2023 $000	2022 $000
Goodwill	(i) – (iv)	20,324	20,324
Computer software	(v)	1,575	1,680
Trademarks	(vi)	241	241
		22,140	22,245

(i) Goodwill

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 excluding goodwill 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*

Goodwill has an indefinite useful live and is not amortised. The goodwill 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:

	2023 $000	2022 $000
Goodwill		
Residential valuations	3,016	3,016
Regional valuations	9,486	9,486
WA Business	6,393	6,393
SA Business	1,429	1,429
	20,324	20,324
Movement in Goodwill		
Balance at 1 July	20,324	12,529
Acquisition of incorporated businesses (note 13(a) and13(b))	-	7,822
Impairment charge	-	-
Reduction of previously recognised goodwill		(27)
Balance at 30 June	20,324	20,324

(iv) *Impairment review and charge*

The Company tests whether goodwill has suffered any impairment on a six monthly basis. The recoverable amount of cash generating units is determined based on value in use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial forecasts approved by management covering the 12 months post reporting date. Cash flows beyond the 12 month period are extrapolated using the estimated growth rates stated below.

	Residential Business	Regional Business	WA Business	SA Business
30 June 2023				
Annual increase in revenues	3.0%	3.0%	3.0%	5.0%
Increase in employee expenses as a % of increased revenues	55.0%	55.0%	55.0%	55.0%
Annual increase in overheads	3.0%	3.0%	3.0%	3.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	14.6%	14.6%	14.6%	14.6%
30 June 2022				
Annual increase in revenues	2.0%	2.0%	3.0%	5.0%
Increase in employee expenses as a % of increased revenues	55.0%	55.0%	55.0%	55.0%
Annual increase in overheads	3.0%	3.0%	3.0%	3.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	13.7%	13.7%	13.7%	13.7%

Management has determined the values assigned to each of the key assumptions as follows:

Assumption	Approach used to determine values
Revenues	Annual growth rate based on past performance, current and expected market conditions and management's expectations of business development opportunities and likelihood of success.
Employee expenses	Based on past performance and management's expectations for the future.
Overheads	Fixed and semi-variable costs of the cash generating units, which do not vary significantly with revenue. Management forecasts these costs based on the current structure of the business, adjusting for anticipated inflationary increases and known restructuring and cost-saving measures.
Terminal growth rate	This is conservatively set at a level below the long term inflation rate in Australia. The Company operates in a mature market sector and accordingly long term growth will be achieved via diversification in services, client base and geographies rather than long term growth of existing business lines.
Discount rate	The pre-tax rate discount rate adopted is based on the risk-free interest rate and business specific risk factors, market borrowing rates and investor expected returns.

Impact of reasonably possible changes in key assumptions

The recoverable amount of the Regional business cash generating unit is estimated to exceed the carrying amount of the cash generating unit at 30 June 2023 by $5,380,000 (30 June 22: $4,980,000).

The recoverable amount at 30 June 2023 would equal its carrying amount if the key assumptions were to changes as follows:

	From	To
Annual increase in revenues	3.0%	0.8%
Annual increase in overheads	3.0%	6.2%
Discount rate	14.6%	20.0%

Reasonably possible changes in key assumptions for other cash generating units would not result in the recoverable amounts equalling their carrying values.

(v) Computer software

	2023 $000	2022 $000
Movement in computer software		
Balance at 1 July	1,680	1,467
Acquisition of controlled entities	-	1
Additions	450	617
Amortisation	(555)	(405)
Disposals	-	-
Balance at 30 June	1,575	1,680

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 Consolidated Entity has an intention and ability to use the asset.

(vi) Trademarks

	2023 $000	2022 $000
Movement in trademarks		
Balance at 1 July	241	241
Disposals	-	-
Balance at 30 June	241	241

Trademarks have indefinite useful lives and are not amortised. Trademarks are tested for impairment annually by estimating the recoverable amount of the cash generating units based on value in use.

(d) Current tax liabilities

	2023 $000	2022 $000
Current		
Tax liability	-	28

The current tax liability for the Consolidated Entity of $Nil (2022: $28,000) represents the amount of income taxes payable in respect of current and prior financial periods. The 2022 liability relates to pre-acquisition profits of Acumentis (SA) Pty Ltd (note 13(b)), which following the acquisition has been added to the tax consolidation group. 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.

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(e) Deferred tax balances

Deferred tax assets and liabilities are attributable to the following:

	2023 $000	2022 $000
Recognised deferred tax assets		
Right of use assets	248	403
Employee provisions	1,309	1,354
Provision for expected credit losses	45	90
Accruals	151	152
Make good provisions	42	54
s40-880 ITAA 1936 "black hole" expenditure	95	143
Income tax losses carried forward	757	862
Finance lease assets	(140)	(245)
Plant and equipment	(12)	(16)
Other	50	38
	2,545	2,835

Movement in temporary differences during the year

	Balance 1 July 22 $000	Acquisition of Businesses $000	Recognised in Profit & Loss $000	Change in Tax Rate $000	Balance 30 June 23 $000
Deferred tax assets					
Right of use assets	403	-	(155)	-	248
Employee provisions	1,354	-	(45)	-	1,309
Doubtful debts	90	-	(45)	-	45
Accruals	152	-	(1)	-	151
Make good provisions	54	-	(12)	-	42
S40-880 "black hole" expenditure	143	-	(48)	-	95
Income tax losses carried forward	862	-	(105)	-	757
Finance lease assets	(245)	-	105	-	(140)
Plant and equipment	(16)	-	4	-	(12)
Other	38	-	12	-	50
	2,835	-	(290)	-	2,545

	Balance 1 July 21 $000	Acquisition of Businesses $000	Recognised in Profit & Loss $000	Change in Tax Rate $000	Balance 30 June 22 $000
Deferred tax assets					
Right of use assets	266	-	137	-	403
Employee provisions	1,114	147	70	23	1,354
Doubtful debts	46	2	42	-	90
Accruals	112	-	40	-	152
Make good provisions	54	-	-	-	54
S40-880 "black hole" expenditure	119	-	24	-	143
Income tax losses carried forward	955	-	(93)	-	862
Finance lease assets	-	-	(245)	-	(245)
Plant and equipment	-	(16)	2	(2)	(16)
Other	9	(16)	47	(2)	38
	2,675	117	24	19	2,835

(f) Other current assets

	2023 $000	2022 $000
Prepaid expenses	1,064	1,361

(g) Employee benefit obligations

	2023 $000	2022 $000
Current		
Annual leave	2,062	2,223
Long service leave	1,856	1,781
Performance pay	979	1,225
	4,897	5,229
Non-current		
Long service leave	446	509

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the annual leave provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

The non-current portion of the long service leave liability is measured based on 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. Consideration is given to expected future wage and salary increases and past experience of employee retention. 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2023 $000	2022 $000
Current obligations expected to be settled after 12 months	1,621	1,649

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(h) Provisions

	2023 $000	2022 $000
Non-Current		
Make Good	142	182
Movement in provision		
Balance at 1 July	182	182
Utilised during year	(27)	-
Decrease during year	(13)	-
Balance at 30 June	142	182

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 within 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 218,174,605 ordinary fully paid shares on issue (2022: 175,317,445). Shares have no par value, and the Company does not have a limited amount of capital.

Share capital	Note	Number	$000
Balance at 30 June 2022		159,005,153	44,887
Issue of shares as part consideration for the acquisition of:			
Acumentis (WA) Holdings Pty Ltd	13(a)	13,820,096	1,609
Acumentis (SA) Pty Ltd	13(b)	1,463,339	237
Shares issued to settle corporate advisory fees in relation to the acquisition of:			
Acumentis (WA) Holdings Pty Ltd	13(a)	967,243	113
Acumentis (SA) Pty Ltd	13(b)	61,614	10
Corporations Act 2001 – s258F Capital Reduction	7(b)	-	(27,423)
Balance at 30 June 2022		175,317,445	19,433
Capital raise			
Placement of shares		21,928,571	1,535
Placement of shares to directors		6,642,857	465
Share Placement Plan (SPP)		3,685,732	258
Placement of SPP Shortfall shares		10,600,000	742
Costs of capital raise		-	(225)
Balance at 30 June 2023		218,174,605	22,208

On 23 July 2021, the Company issued 13,820,096 ordinary shares at 11.64 cents per share as partial consideration for the acquisition of the remaining 57.2% of the issued share capital of Acumentis (WA) Holdings Pty Ltd. An additional 967,243 ordinary shares were issued at 11.64 cents per share to settle corporate advisory fees in relations to the acquisition.

On 10 February 2022, the Company issued 1,463,339 ordinary shares at 16.23 cents per share as partial consideration for the acquisition of 100% of the share capital of Acumentis (SA) Pty Ltd. An additional 61,614 ordinary shares were issued at 16.23 cents per share to settle corporate advisory fees in relations to the acquisition.

On 9 February 2023, the Company issued 21,928,571 ordinary shares at 7 cents per share under a placement to institutional, professional and sophisticated investors under ASX Listing Rule 7.1.

On 17 March 2023, the Company issued 6,642,857 ordinary shares at 7 cents per share to directors of the Company, under a placement with the issue to directors approved at an Extraordinary General Meeting held on 10 March 2023.

On 17 March 2023, the Company issued 3,685,732 ordinary shares at 7 cents per share to existing shareholders under a Share Purchase Plan (SPP).

On 24 March 2024, the Company issued 10,600,000 ordinary shares at 7 cents per share to institutional, professional and sophisticated investors under a placement of the SPP Shortfall with the placement of the shortfall approved by shareholders at an Extraordinary General Meeting held on 10 March 2023.

(b) Capital Reduction

On 30 June 2022, Acumentis Group Limited reduced its share capital by $27,423,000 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount.

There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction.

The losses deemed to be of a permanent nature were as follows:

Year ended 30 June	2009 $'000	2017 $'000	2019 $'000	2020 $'000	2021 $'000	Total $'000
Impairment of goodwill	195	-	12,284	-	1,904	**14,383**
Impairment of customer relationships	-	-	-	-	10,000	**10,000**
Impairment of leased assets	220	-	-	497	131	**848**
Consultants' costs re cyber-attacks	-	-	407	791	204	**1,402**
Acquisition costs expensed	-	262	528	-	-	**790**
	415	262	13,219	1,288	12,239	**27,423**

(c) 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.

Options	2023 Number	2022 Number
Balance at 1 July	2,500,000	2,500,000
Balance at 30 June	2,500,000	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 2023 $'000	30 June 2022 $'000
Share-based payments		
Balance at 1 July	127	31
Performance rights expense	38	96
Balance at 30 June	165	127

9 Cash flow information

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

	Note	2023 $000	2022 $000
Profit for the period after tax		429	1,445
Adjustments for the period			
Depreciation & amortisation		2,287	1,935
Loss on disposal of fixed assets		53	-
Gain on de-recognition of investment in associated company	13(a)	-	(1,539)
Gain on disposal of right of use asset		-	(56)
Expenses settled via issue of shares	7(a)	-	123
Performance rights expense		38	96
		2,807	2,004
Changes in assets & liabilities during the period net of amounts relating to acquisition of controlled entities			
(Increase)/decrease in trade and other receivables	5(c)	371	(861)
(Increase)/decrease in other financial assets	5(d)	347	321
(Increase)/decrease in deferred tax assets	6(e)	290	(43)
(Increase)/decrease in other assets	6(f)	297	(343)
Increase/(decrease) in trade and other payables	5(e)	(328)	326
Increase/(decrease) in provision for income tax	6(d)	(28)	(151)
Increase/(decrease) in employee benefit obligations	6(g)	(395)	294
Increase/(decrease) in provisions	6(h)	(40)	-
Net cash from operating activities		3,321	1,547

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 and 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 and which have the potential for material impact to the financials are:

- Deferred contingent consideration (note 5(h))
- Intangible assets (note 6(c))
- Employee benefits (note 6(g))

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	Accept risk given low levels of debt

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.

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.

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:

	Note	2023 $000	2022 $000
Trade and other receivables	5(c)	5,916	6,287
Other financial assets	5(d)	655	1,002
Cash and cash equivalents	5(a)	1,697	856
Term deposits & other	5(b)	914	929
		9,182	9,074

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:

	2023 $000	2022 $000
Financial clients	3,657	4,259
Non-financial clients	1,710	1,878
Government non-financial clients	701	449
	6,068	6,586
The Consolidated Entity's most significant clients included the following amounts within trade and other receivables carrying amounts:		
An Australian financial client	928	1,002
An Australian non-financial client	146	286
An Australian Government non-financial client	239	94

Impairment Losses

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

	Gross 2023 $000	Impairment 2023 $000	Gross 2022 $000	Impairment 2022 $000
Not past due	5,019	7	5,176	6
Past due 0-30 days	663	2	696	5
Past due 31-120 days	108	2	420	20
Past due 121 days or more	278	141	294	268
	6,068	152	6,586	299

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

	2023 $000	2022 $000
Balance at 1 July	299	153
(Decrease) / Increase during year	(147)	146
Balance at 30 June	152	299

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 5 year period ended 30 June 2022 and the corresponding historical credit losses experienced over this period and to 30 June 2023 (for invoices raised prior to 30 June 2022). 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
Non-derivative financial liabilities						
30 June 2023						
Trade and other payables	5(e)	3,834	3,834	3,834	-	-
Short and long term loans	5(f)	47	47	4	4	39
Lease liabilities	5(g)	3,331	3,331	865	900	1,566
Deferred consideration	5(h)	1,406	1,406	143	-	1,263
		8,618	8,618	4,846	904	2,868
30 June 2022						
Trade and other payables	5(e)	4,162	4,162	4,162	-	-
Short and long term loans	5(f)	2,356	2,356	454	454	1,448
Lease liabilities	5(g)	3,832	3,832	878	683	2,271
Deferred consideration	5(h)	1,812	1,812	203	203	1,406
		12,162	12,162	5,697	1,340	5,125

(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:

	Note	2023 $000	2022 $000
Variable rate instruments			
Assets			
Cash and cash equivalents	5(a)	1,697	856
Non-current financial assets	5(d)	189	186
Liabilities			
Current borrowings	5(f)	8	908
Non-current borrowings	5(f)	39	1,448
Fixed rate instruments			
Assets			
Term deposits	5(b)	914	929
Current financial assets	5(d)	371	349
Non-current financial assets	5(d)	95	467
Liabilities			
Current lease liabilities	5(g)	1,765	1,561
Non-current lease liabilities	5(g)	1,566	2,271

(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.

(f) Financial instruments at fair value

The Consolidated Entity has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at fair value:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the fair value of liabilities that are measured at fair value:

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2023				
Deferred contingent consideration (note 5(h))	-	-	1,263	1,263
30 June 2022				
Deferred contingent consideration (note 5(h))	-	-	1,263	1,263

The fair value of the deferred contingent consideration is determined based on the expected payment which is dependent upon the average profit before tax for the acquired businesses for the three years ended 30 June 2025. This unobservable input is estimated by applying various growth factors to current and forecast revenues and costs (consistent with those utilised for testing impairment of the goodwill related to these acquisition – refer note 6(c)(iv)) which results in a weighted average annual growth in profit of 44% over the remaining two years of the three year measurement period.

If the weighted average growth in profit changed then the deferred consideration would change as follows:

- Growth in profit increased by 10%, deferred consideration would increase by $89,000
- Growth in profit decreased by 10%, deferred consideration would decrease by $92,000

The amount is not discounted due to the immaterial impact that discounting would have.

12 Capital management

(a) Risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so they can continue to provide returns to shareholders and benefits to other stakeholders;
- To maintain a capital structure that is appropriate for a professional services firm with limited tangible assets; and
- To reduce the overall cost of capital.

In order to maintain or adjust capital structure, the Company may adjust the level of dividends to shareholders, return capital to shareholders, issue new shares, source new debt finance or repay debt finance.

The Company monitors capital on the basis of the following gearing ratio:

Net debt (borrowings minus cash or cash equivalents) / total equity

	Note	2023 $000	2022 $000
Borrowings	5(f)	47	2,356
Cash or cash equivalents	5(a)	(1,697)	(856)
Net debt / (net cash)		(1,650)	1,500
Total equity		24,070	20,828
Net debt to equity ratio		(7%)	7%

The Company also monitors net working capital calculated as follows:

	Note	2023 $000	2022 $000
Cash or cash equivalents	5(a)	1,697	856
Trade and other receivables	5(c)	5,916	6,287
Trade and other payables	5(e)	(3,834)	(4,162)
Current borrowings	5(f)	(8)	(908)
Current tax liabilities	6(d)	-	(28)
Current deferred consideration	5(h)	(143)	(406)
Current employee benefit obligations			
Total	6(g)	(4,897)	(5,229)
Expected to be settled after 12 months	6(g)	1,621	1,649
		352	(1,941)

The net working capital increased during the year as a result of the capital raise and resultant retirement of debt and the benefits of the restructuring undertaken in calendar 2022 resulting in a lower employee cost base.

During the year, the Consolidated Entity's approach to capital management changed. Following the capital raise in February/March 2023, the Consolidated Entity repaid outstanding bank bills and replaced its $1.7M overdraft facility with a $3M receivables facility which carries a lower interest rate.

As a result of the restructure of the borrowing facilities, the Consolidated Entity is no longer required to comply with any financial covenants or capital restrictions.

(b) Dividends

(i) Ordinary shares

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

	Cents per share	Total amount $000	Franked/ unfranked	Date of Payment
2023				
No dividends declared	-	-	-	-
2022				
No dividends declared	-	-	-	-

(ii) Franked dividends

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

Dividend franking account	Company 2023 $000	Company 2022 $000
30% franking credits available to shareholders of Acumentis Group Limited for subsequent financial years	2,079	2,079

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 2023, 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 (2022: 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 - Acquisitions

(a) Acumentis (WA) Holdings Pty Ltd and its controlled entities ("ACU WA")

Summary of acquisition

Effective 1 July 2021, the Company acquired the remaining 57.8% of issued shares in ACU WA thereby taking its holding to 100%.

Up to 30 June 2021, the Company's existing 42.2% investment had been accounted for using the equity method. The associated asset was de-recognised and a gain representing the difference between fair value and the carrying value of the investment at 30 June 2021 was recorded as follows:

	ACU WA $000
Fair value of net assets of Acumentis (WA) Holdings Pty Ltd	6,281
Acumentis' 42.2% share	2,653
Dividend paid prior to completion of acquisition	80
Carrying value of associate	(1,194)
Gain on de-recognition of asset	1,539

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

	$000
Details of the consideration transferred	
Cash paid ($1,834,000 to vendors and $2,000 to vendors' advisors)	1,836
Cash payable within 12 months (in 2 equal instalments on 23 Jan 2022 and 23 Jul 2022)	122
Cash payable greater than 12 months (payable on 23 Jan 2023)	61
Contingent consideration[1]	797
Shares issued (13,820,096 ordinary shares at $0.1164 per share) (Note 7(a))	1,609
	4,425
Fair value of existing shareholding	2,653
	7,078
Fair value of assets and liabilities acquired	
Cash and cash equivalents	1,263
Term deposits	34
Trade and other receivables	727
Other current assets	110
Deferred tax assets	111
Property, plant & equipment	121
Right of use assets	109
Intangible assets	1
Trade and other payables	(729)
Dividend payable[2]	(190)
Tax payable	(151)
Borrowings	(137)
Lease liabilities	(111)
Employee benefits	(473)
	685
Goodwill[3]	6,393
	7,078
Net cashflows from acquisition	
Cash paid	(1,836)
Cash and cash equivalents acquired	1,263
	(573)

Notes

1. *The contingent consideration is calculated as 4.5X the average profit before tax for the three years ended 30 June 2025 minus the initial and fixed deferred considerations already paid. Any contingent consideration payable will be satisfied 55% in cash and 45% via the issue of Acumentis Group Limited ordinary shares. Contingent consideration will be settled following finalisation of the FY2025 audit (expected in August 2025).*
2. *The dividend relates to pre-acquisition profits and was paid in July 2021 with $110,000 paid to previous shareholders and paid $80,000 to Acumentis Group Limited.*
3. *The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.*

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 18 May 2021 when the acquisition was agreed and announced to the Australian Stock Exchange.

Acquisition costs

Acquisition costs of $23,000 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 $113,000 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.

(b) Acumentis (SA) Pty Ltd ("ACU SA")

Summary of acquisition

Effective 1 February 2022, the Company acquired 100% of the issued share capital of ACU SA which had previously operated as a franchisee of the wholly owned Western Australian Acumentis business.

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

	2022 $000
Details of the consideration transferred	
Cash paid – consideration	
• Paid on settlement	419
• Payable in 3 equal instalments 6, 12 & 18 months after settlement	428
Contingent consideration[1]	466
Shares issued (1,463,339 ordinary shares at $0.1623 per share) (Note 7(a))	237
	1,550
Fair value of assets and liabilities acquired	
Cash and cash equivalents	187
Trade and other receivables	129
Deferred tax assets	6
Property, plant & equipment	61
Trade and other payables	(84)
Tax payable	(28)
Lease liabilities	(59)
Employee benefits	(91)
	121
Goodwill[2]	1,429
	1,550
Net cashflows from acquisition	
Cash paid	(419)
Cash and cash equivalents acquired	187
	(232)

1. *The contingent consideration is calculated as 3X the average profit before tax for the three years ended 30 June 2025 minus the initial and fixed deferred considerations already paid. Any contingent consideration payable will be satisfied 75% in cash and 25% via the issue of Acumentis Group Limited ordinary shares. Contingent consideration will be settled following finalisation of the FY2025 audit (expected in August 2025).*
2. *The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.*

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 31 January 2022 when the acquisition was agreed and announced to the Australian Stock Exchange.

Acquisition costs

Acquisition costs of $11,000 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.

(c) Revenue & Profit Contribution

The acquired entities / business contributed the following revenues and profits between the effective date of acquisition and the end of the financial year:

	2022 ACU WA $000	2022 ACU SA $000	2022 Total $000
Acquisition date	*1 Jul 2021*	*1 Feb 2022*	
Revenue	7,583	780	8,363
Net profit / (loss) before tax	857	57	914

If the acquisitions had occurred on 1 July 2021, consolidated revenue and loss before tax would have been:

	2022 $000
Revenue	57,885
Net profit before tax	1,581

14 Interests in other entities

(a) Subsidiaries

The Consolidated Entity's subsidiaries at 30 June 2023 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
	2023 %	2022 %	2023 %	2022 %	
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	100	100	-	-	National valuation contracting entity
LMW Group Pty Ltd [1]	-	100	-	-	Non-trading
Acumentis Joint Venture Pty Ltd [1]	-	100	-	-	Non-trading
Acumentis Management Pty Ltd	100	100	-	-	Group employer
Acumentis Advisory Pty Ltd	100	100	-	-	Non-trading
MVS National Pty Ltd [1]	-	100	-	-	Non-trading
Cosgrave & Eastoe Pty Ltd [1]	-	100	-	-	Non-trading
Hoolihan Valuations Pty Ltd	100	100	-	-	Non-trading
Acumentis (WA) Holdings Pty Ltd	100	100	-	-	Non-trading
Acumentis (WA) Pty Ltd	100	100	-	-	Valuations
Acumentis (WA) Advisory Pty Ltd	100	100	-	-	Property advisory services
HPG Nominees Pty Ltd	100	100	-	-	Franchisor
WA Property Valuers Pty Ltd	100	100	-	-	Non-trading
Acumentis (SA) Pty Ltd	100	100	-	-	Valuations

Note 1: These entities were de-registered on 26 October 2022

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

In 2019, the Company was the victim of two cyber-attacks which resulted in significant losses. The Company's cyber insurance policy responded and paid $1.1M to external consultants and $2.0M to the Company.

On 17 December 2021, the Company's cyber insurers notified the Company that they now consider that the two cyber-attacks should be aggregated as a single claim and accordingly have requested repayment of $1.1M.

Based on insurance specialist legal advice the Directors have rejected the repayment request.

The Directors believe that the Company will be successful in rebutting the insurers proposition and accordingly do not expect to repay any portion of the insurance benefits received and therefore no amounts have been provided for in the accounts as at 30 June 2023.

The Directors do not believe that legal costs that may be incurred in relation to this matter will have a material impact on the financial result for the FY23.

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 2023 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.

Operating lease commitments	2023 $000	2022 $000
Within one year	247	259
One year or later and no later than five years	-	-
Later than five years	-	-
	247	259

Under accounting standard AASB16 – Leases, 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

There were no events occurring after the reporting period that have a material impact on the financial statements or the operating activities of Acumentis Group Limited.

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

	2023	2022
Executive directors and other key management personnel	$	$
Short term employee benefits	953,680	1,064,665
Post-employment benefits	59,366	60,745
Long-term benefits	(5,383)	10,084
Share based payments	2,057	60,595
	1,009,720	1,196,089

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to12.

(c) Transactions with other related parties

The following transactions occurred with related parties:

	2023	2022
	$	$
Dividends received from associate	-	80,248
Group management fee income from associates & franchisees	21,450	29,150

(d) Loans to related parties

	2023	2022
	$	$
Balance at 1 July	185,991	-
Acquisition of controlled entities	-	16,289
Loans advanced[1]	-	189,745
Interest charged	10,487	4,903
Loan & interest repayments received	(7,500)	(24,946)
Balance at 30 June	188,978	185,991

Notes

1. *The employee loan was advanced to a vendor shareholder of Acumentis (WA) Holdings Pty Ltd to enable retirement of debt secured against that shareholder's investment in Acumentis (WA) Holdings Pty Ltd. The loan carries interest at market rates, equal to the 6 monthly bank bill swap rate plus 2.6% and is repayable in full on the date of payment of any contingent consideration for the acquisition being August 2025. The loan is secured by the 2,606,565 ordinary shares in Acumentis Group Limited issued to the vendor as part consideration for the acquisition.*

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 and renewed at the 2021 Annual General Meeting.

Movements in options during the period were as follows:

	2023 Average Exercise Price	2023 Number of Options	2022 Average Exercise Price	2022 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 and renewed at the 2021 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:

	2023 Number of Rights	2022 Number of Rights
As at 1 July	2,416,000	1,000,000
Granted during the year	1,140,000	1,680,000
Forfeited during year		
Failure to meet service condition	(240,000)	(264,000)
Failure to meet performance and market conditions	(1,000,000)	
Vested and exercised during the year	-	-
As at 30 June	2,316,000	2,416,000

A.

Tranche		FY21	FY22	FY23
Grant date(s)		15 Oct 20	20 Sep 21 & 28 Oct 21	25 Oct 22
Number of rights on issue		-	1,176,000	1,140,000
Weighted average fair value at grant date[1]		11.83 cents	13.25 cents	6.92 cents
Service Condition	The executive must remain employed for 3 years to the finalisation of the statutory audit for the financial year ended. If the service condition is not met none of the performance rights will vest.	30 Jun 23	30 Jun 24	30 Jun 25
Market Condition	50% of the performance rights will vest of the total shareholder return ("TSR") for Acumentis is at least equal to the TSR for the ASX300 for the period	1 Jul 20 – 30 Jun 23	1 Jul 21 – 30 Jun 24	1 Jul 22 – 30 Jun 25
Performance Condition	50% of the performance rights will vest pro-rata based on the earnings per share ("EPS") of Acumentis Group Limited being between	2.4 cents & 3.2 cents for FY23	2.5 cents & 3.4 cents for FY24	2.6 cents & 3.5 cents for FY25

Note 1: Rights granted subject to TSR condition are valued using Monte Carlo Simulation. Rights granted subject to EPS condition are valued using the Black-Scholes model. Expected dividends were not incorporated into these measurements.

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:

	2023 $	2022 $
Options	-	-
Performance rights	38,000	96,115
	38,000	96,115

20 Remuneration of auditors

	2023 $	2022 $
Audit services		
Auditor of the Consolidated Entity – William Buck		
Audit and review of the financial reports	234,000	220,000
Other services		
Other William Buck related entities		
Acquisition due diligence	-	13,500
Taxation and other services	9,790	13,740
Total services	243,790	247,240

21 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share was calculated as follows:

	2023 $000	2022 $000
Profit attributable to ordinary shareholders	429	1,445
Weighted average number of shares used as the denominator	Number	Number
Issued Ordinary Shares at 1 July	175,317,445	159,005,153
Shares issued during year	42,857,160	16,312,292
Issued Ordinary Shares at 30 June	218,174,605	175,317,445
Weighted average number of ordinary shares at 30 June	189,605,747	173,444,588
Calculated basic earnings per share	0.23 cents	0.83 cents

(b) Diluted earnings per share

The calculation of diluted earnings per share was calculated as follows:

	2023 $000	2022 $000
Profit attributable to ordinary shareholders	429	1,445
Weighted average number of ordinary shares and potential ordinary shares used as the denominator	Number	Number
Issued Ordinary Shares at 1 July	175,317,445	159,005,153
Shares issued during year	42,857,160	16,312,292
Issued Ordinary Shares at 30 June	218,174,605	175,317,445
Weighted average number of ordinary shares at 30 June	189,605,747	173,444,588
Options on issue at 30 June (note 7(c))	2,500,000	2,500,000
Performance rights on issue at 30 June (note 19(a))	2,316,000	2,416,000
Weighted average number of ordinary shares and potential ordinary shares at 30 June	194,421,747	178,360,588
Calculated diluted earnings per share	0.22 cents	0.81 cents

As at the date of this report there are 2,500,000 options over ordinary shares and 2,316,000 performance rights in the Company.

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

	2023 $000	2022 $000
Assets		
Current assets	2,532	31,136
Non-current assets	57,019	57,950
Total assets	59,551	89,086
Liabilities		
Current liabilities	26,957	55,738
Non-current liabilities	1,382	2,999
Total liabilities	28,339	58,737
Net assets	31,212	30,349
Equity		
Issued capital	22,208	19,433
Retained earnings	8,839	10,789
Other reserves	165	127
Total equity	31,212	30,349

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

	2023 $000	2022 $000
Total profit / (loss)	1,950	(13,528)
Total comprehensive income / (loss)	1,950	(13,528)

23 Going concern

The directors are satisfied that the going concern basis of preparation is appropriate and therefore the financial information does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

24 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 24(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 24(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 expected credit losses. 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(c).

(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 24(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(a)(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 (e.g. the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g. 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 (e.g. 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.

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 17 to 77 and the remuneration disclosures of the Remuneration report in the Directors' report, set out on pages 7 to 12, 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 2023 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 24(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 2023.

Dated at Sydney this 14th day of August 2023

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 2023 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 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.

<table>
<tr><th colspan="2">Impairment assessments – Goodwill</th></tr>
<tr><th>Area of focus
Refer also to notes 6 (c) and 24 (i) & (n)</th><th>How our audit addressed it</th></tr>
<tr><td>The Consolidated Entity’s net assets include a significant amount of intangible assets, the majority of which have originated from acquisitions in the current and prior years.

As at 30 June 2023 the Consolidated Entity’s net assets include Goodwill of $20.3 million (2022: $20.3 million).

There is a risk that the Consolidated Entity may not trade in line with initial expectations and forecasts, resulting in the carrying amount of intangible assets exceeding the recoverable amount and therefore requiring impairment.

In accordance with the requirements of AASB 136 Impairment of Assets, the Consolidated Entity is required to test goodwill for impairment annually and whenever there is an indicator of impairment. The recoverable amount for each Cash Generating Unit (CGU) to which goodwill has been allocated has been calculated based on value-in-use models, which use discounted cash flow forecasts. The Directors make judgements over certain key inputs including, but not limited to, revenue growth, gross margins, discount rates, long term growth rates and inflation rates.

Due to the high degree of judgement and estimation involved in the determination of the recoverable amount of each CGU, and the significance of the carrying amounts involved, we have determined that this is an area of significance in our audit of the financial report.</td><td>Our audit procedures included:
— Giving consideration to and performing an assessment of management’s determination of CGUs;
— A detailed evaluation of the Consolidated Entity’s budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow models;
— Testing the accuracy of the calculation derived from each forecast model and assessing key inputs to the calculations such as revenue growth, gross margins, discount rates and working capital assumptions;
— Engaging our own valuation specialists to critically evaluate the appropriateness of the discount rates and the long-term growth rates used in the discounted cash flow model;
— Reviewing the historical accuracy of the forecasts by comparing actual results with the original forecasts from prior years
— Performing sensitivity analysis of the calculations; and
— Assessing whether disclosure in the financial report is appropriate.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after this date.

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

In preparing the financial report, the directors are responsible for assessing the ability of the 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

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

WilliamBuck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Acumentis Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Yours faithfully

William Buck

William Buck
Accountants & Advisors
ABN: 16 021 300 521

Domenic Molluso
Partner
Sydney, 14 August 2023

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 28 July 2023.

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	31,108,042	14.3%
Newport Shipping Company Pty Limited	25,953,613	11.9%
Citicorp Nominees Pty Ltd	25,884,062	11.9%

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	16,608
1,001 – 5,000	205	731,546
5,001 – 10,000	166	1,350,484
10,001 – 50,000	253	6,439,645
50,001 – 100,000	75	5,519,725
100,001 and over	162	204,116,597
Total	916	218,174,605

As at 30 June 2023 there were 218,174,605 ordinary shares on issue (note 7(a)).

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 6,489 shares (based on closing price of $0.073 on 28 July 2023 is 292 and they hold 998,072 securities.

Twenty largest shareholders

Name	Number of Ordinary Shares	Percentage
CITICORP NOMINEES PTY LIMITED	25,884,062	11.9%
NEWPORT SHIPPING COMPANY PTY LTD	19,555,041	9.0%
REDBROOK NOMINEES PTY LTD	14,339,068	6.6%
ACRES HOLDINGS PTY LTD	10,352,537	4.7%
KIUT INVESTMENTS PTY LTD	10,054,536	4.6%
ENABLE INVESTMENT MANAGER PTY LTD	6,323,817	2.9%
MR LESLIE PETER WOZNICZKA	5,720,000	2.6%
STIBBCO INVESTMENTS PTY LTD	4,585,753	2.1%
CAROSSAH PTY LTD	4,411,112	2.0%
WHITE VALUATIONS PTY LTD	3,600,000	1.7%
MS LYNETTE JANE ELLIS & MR JEFFREY GEORGE KEANE	3,558,334	1.6%
GOGORM SUPER PTY LTD	3,182,494	1.5%
KEVIN KING PTY LTD	3,136,069	1.4%
CONTINUUM PROPERTY CONSULTANCY	3,033,212	1.4%
BLAKE FRANCIS DEAN LIESCHKE	2,747,576	1.3%
ARKMIST PTY LTD	2,645,712	1.2%
MR STEWART ANDREW SMITH	2,629,851	1.2%
VENTURA RESOURCES PTY LTD	2,622,199	1.2%
TONY MICHAEL GORMAN	2,606,565	1.2%
NATHAN ALEXANDER KING	2,507,063	1.1%
	133,495,001	61.2%

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
Location of share registry	Automic Registry Services Level 5, 126 Phillip Street Sydney NSW 2000 Telephone 1300 288 664 (toll free within Australia) +61 2 9698 5414 (outside Australia) Email 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.