

ANNUAL REPORT 2022



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REPORT
2022



APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2022

1 Company details

Name of entity	CountPlus Limited
ABN	11 126 990 832
Reporting period	For the year ended 30 June 2022
Previous period	For the year ended 30 June 2021

2 Results for announcement to the market

					\$'000
Revenue from contracts with customers	up	6%	to		85,293
Profit from ordinary activities after tax attributable to the owners of CountPlus Limited	up	4%	to		5,112
Profit for the year attributable to the owners of CountPlus Limited	up	4%	to		5,112

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$5,112,000 (30 June 2021: \$4,938,000).

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	27.53	37.50

Right-of-use assets and lease liabilities recognised under AASB 16 as well as contract assets and contract liabilities recognised under AASB 15 have been excluded from this calculation.

4 Entities where control was gained or lost

Names of entities	Ownership %	Date of acquisition
4Front Holdings Pty Ltd	51%	01/07/2021
Wealth Axis Holdings Pty Ltd	51%	20/08/2021
Accurium Holdings Pty Ltd	85%	01/11/2021

There was no loss of control of entities during the period.

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2022

5 Dividends

	Amount per security Cents	Franked amount per security Cents
2022 Half Year dividend paid on 6 April 2022	1.50	1.50
2022 Final dividend to be paid on 12 October 2022	2.00	2.00

The record date for determining entitlement to the 2022 Final dividend is 23 September 2022 and payable on 12 October 2022. The Final dividend is not provided for at 30 June 2022 and there is no dividend reinvestment plan in place for the group.

6 Details of associates

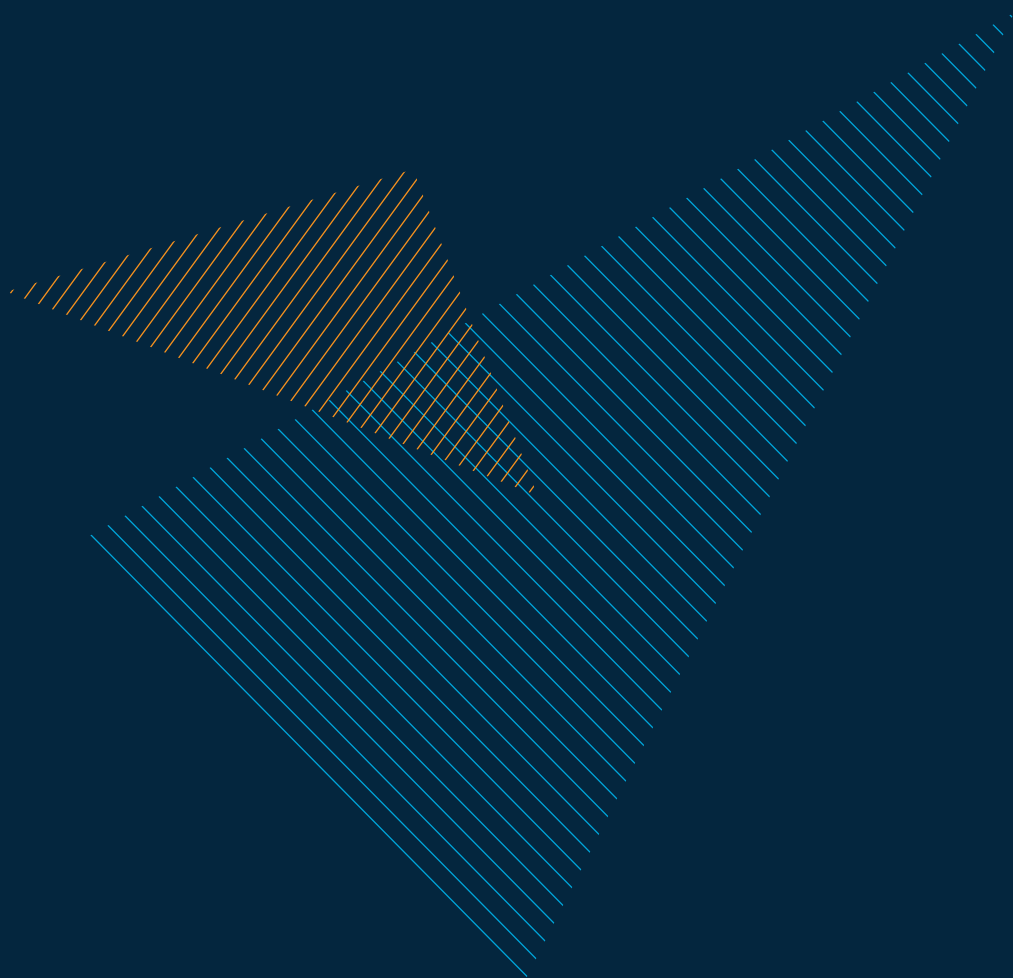
Name of associate	Reporting entity's percentage holding		Contribution to profit	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
One Hood Sweeney Pty Ltd	32.36%	32.36%	1,165	1,192
Hunter Financial Planning Pty Ltd	40.00%	40.00%	355	255
OBM Financial Services Pty Ltd	43.00%	40.00%	373	332
Rundles CountPlus Pty Ltd	40.00%	40.00%	359	312
Rundles Financial Planning Pty Ltd	20.00%	20.00%	64	54
DMG Financial Holdings Pty Ltd	30.00%	30.00%	732	353
Southern Cross Business Holdings Pty Ltd	49.00%	–	468	–
Group's aggregate share of associates profit			3,516	2,498
Profit from ordinary activities after income tax				

7 Audit qualification or review

The financial statements have been audited and an unmodified opinion has been issued.

ABOUT COUNTPLUS

CountPlus partners with leading firms and provides valued services to a professional community of financial advisers. We will, collectively, secure the financial well being of our clients.



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CHAIRMAN'S REPORT

It's my pleasure to once again deliver our CountPlus full year results.

FY22 was a year of change for us all and we were pleased to announce Hugh Humphrey as our new Chief Executive Officer commencing on 1 July 2022, and to broaden Laurent Toussaint's CFO responsibilities to include Operations. All our non-executive directors continued to bring a wealth of expertise and experience, providing a stable source of guidance throughout the year.

Across the CountPlus group we now represent a strong community of 3,455 people in 136 accounting, wealth, and services firms with national presence. In FY22 the group served over 75,000 clients. As a result, group revenues for the year increased +6% to \$85.3M providing our foundation for targeted growth. We are pleased to report a final dividend of 2.00 cents per share, fully franked representing an increase of 33% over the prior year and returning 3.50 cents to shareholders for the full year.

In the period, we made two acquisitions to establish our Services segment, consistent with our strategic intent to complement and strengthen the operations of our Accounting and Wealth firms and support the delivery of our integrated client-centric advisory model.

Whilst demand for the services we provide continues to grow, we are acutely aware of the increased competition for fewer advisers, and higher valuations for acquisitions of Accounting and Wealth firms. Despite this, the strength of our proposition is reflected in the growth of our acquisitions pipeline which has increased over 2021. We will continue our focus on attracting the best talent and enable them to do their best work through delivering efficient processes and access to market leading technology, which is key to growing engagement with both existing firms and prospects.

We are not immune to the volatility in global markets and we continue to closely monitor and respond to the rapidly changing economic conditions. In particular, as a professional services business the rapid inflation we have seen in wages to secure talent. However, we remain well positioned to mitigate inflationary pressures and our business continues to reflect low levels of borrowing with an overall net cash position. We will be prudent in our firm acquisitions as we see valuations climb, to select only the best businesses for our network.

The Board was pleased to approve the first CountPlus ESG statement, the first step in an active and ongoing conversation about how we continue to make positive impacts in our community and the environment. It is aligned to the long-term service value that we offer, and the quality of our sustainable accounting, wealth and services firms. We announced a share buyback of up to 11,422,255 ordinary shares commencing in July 2022 and can report good progress with execution and the shareholder value this will create.

Thank you to our employees and partners for their contribution to CountPlus. Your efforts have delivered a robust business foundation and market leading proposition. From this position, the board will confidently seek to deliver greater value to shareholders, delivering profitability and growth from both existing businesses and the acquisition strategy we have successfully established this year.

Thank you for being a CountPlus shareholder.

A handwritten signature in black ink, appearing to read 'Ray Kellerman', with a long horizontal line extending to the right.

Ray Kellerman
Chairman



CEO REPORT

It is my pleasure to deliver the first full year results as CEO of CountPlus.

Our profit attributable to CountPlus shareholders for the FY22 grew +4% to \$5.1M. The unaudited forecast we released on 27 June 2022 was realised, with the business delivering EBITA growth in all three segments. After removing government grants (FY22 \$0.2M vs FY21 \$2.5M) and grandfathered commissions (FY22 nil vs FY21 \$1.8M), Accounting grew +1% to \$13.5M, Wealth grew +450% to \$3.2M and Services grew to \$1.3M (n/a).

Importantly, these results have been delivered in a year where we faced a challenging economic environment. FY22 results also present our first full year without any conflicted remuneration following the end of grandfathered commissions on 1 January 2021. This year 31,439 customers received a total of \$35M in refunds to remediate conduct under prior business ownership.

In our Accounting segment, we grew firm numbers to 18, increased clients to over 35,000 and generated reported revenues of \$64.5M (-0.6%). We successfully closed two acquisitions and two tuck-ins to our existing equity partnerships. 94% of our equity partnerships now offer converged Tax, Accounting and Financial Planning services to clients. Lockup days reduced from 79 days to 76 days. Average firm EBITA margin increased +2% from 19% in FY21 to 21% excluding government grants and grandfathered commissions.

Our Wealth segment reported consistent revenues at \$15.4M (-1%). 24,606 Statements of Advice (SoA) and Record of Advice (RoA) were delivered to clients. We grew Authorised Representatives by +12% from 248 to 278. 22 new firms joined Count as Corporate Authorised Representatives. We welcomed former Commonwealth Financial Planning customers to Count Financial as part of an agreement for the Commonwealth Bank of Australia to reimburse Count Financial Limited for a period of two years: subject to agreed caps, this includes certain onboarding costs and expenses for customers who chose to move across.

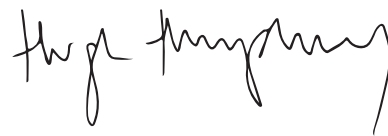
Our newly established Services segment demonstrates our ability to execute against our strategy. Overall revenue of \$5.4M was delivered, representing the recent acquisition of Accurium and Wealth Axis. Accurium provided services to around 4,000 accounting firms and produced over 40% of the actuarial certificates required by Australian SMSFs, and we are pleased with early progress in education and consulting. I can report that Accurium has completed full separation from Challenger Limited in August, three months ahead of schedule and within budget. Wealth Axis continues to invest in people to support new business growth and lifted revenues by +87% to \$1.9M. 15 businesses are now supported for outsourced administration, and more than 900 SoAs are produced per year. One in every six Count Financial firms now use Wealth Axis services.

These results demonstrate a stable business platform with a defined path of future growth in every segment. When I personally observed a client advice presentation on my first day as CEO, the unique and enviable role we occupy for our clients was evident, and our ability to offer integrated advice across tax, accounting and financial planning is more relevant than ever.

We support Treasury's 'Quality of Financial Advice Review' and welcome any recommendations that make advice more accessible and more affordable. We agree that upfront financial advice should be tax deductible, as is already the case for ongoing financial advice. We support a principles-based approach that treats the industry as a profession. In this regard we are committed to work constructively with government to reduce red tape. And we anticipate a future that places greater recognition on the experience of our team and enables our business to leverage technology as we streamline the advice process and unlock further benefits from our uniquely integrated offer.

This integrated approach extends to our proud history of community connection. In the last year, the Count Charitable Foundation ("CCF") delivered meaningful impact across a diverse range of relevant causes: from important domestic concerns including homelessness, mental health, and the recent Australian east coast floods, to global support for Ukraine. These initiatives demonstrate the heart and spirit of our work. We were delighted to support CCF in distributing \$1.1M over the last year to people in need.

I have committed to personally visit all our equity partnerships by the end of December this year and can report that I am already halfway towards this goal. With the stable business platform we have now established, we will continue to pursue targeted growth in each of our segments in FY23.



Hugh Humphrey
CEO

FIRM PROFILES

Accurium

Expanding digital horizons with Accurium

With the acquisition of Wealth Axis in August 2021, CountPlus signalled the start of a new era investing in the services segment offerings to support its accounting and advisory firms. This focus continued in November 2021 with an 85% investment in Accurium the latest strategic move to enhance the range of services available to CountPlus and Count Financial Member firms.

Accurium is Australia's largest supplier of actuarial certificates to SMSFs, provided directly via their easy to use online portal and integrations with leading SMSF accounting software platforms. They are also one of the largest education providers in this space, with solutions that are a natural fit for a community of accounting and advisory firms that offer SMSF solutions to their client base.



CountPlus' \$7.65 million Accurium investment continues the move into diversified revenue opportunities, while at the same time enhancing the 'technology-led' approach the business has been focused on. CountPlus has partnered with a number of technology partners since 2020, aimed at introducing new solutions to support client engagement and improve practice efficiency.

Doug McBirnie, Managing Director at Accurium, speaks passionately about the new era under CountPlus in the past nine months, and how the cultural alignment between the businesses is helping to drive positive growth outcomes.

"Since joining the CountPlus community, we have experienced a shared strategic vision thanks to the clear commitment the business has to innovation and digital solutions. With access to capital and the support of the broader CountPlus team, we feel like we're able to grasp opportunities and expand into new areas. It makes our job a lot simpler when we can tap into the broader network of subject matter experts and share in that collective wisdom."

Helping to drive this expansion is a loyal existing client base which provides a solid foundation to invest in new opportunities.

"It's easier to innovate when you have a large group of clients and a strong reputation for professionalism and expertise in the SMSF space. That gives us confidence to try new things because we know the feedback we receive will be honest, constructive and relevant to what we're trying to achieve", he added.

So where does McBirnie see the opportunities for Accurium's next phase of strategic growth?

"One area where we see real potential is our professional education and technical support offering for accountants, which we plan to accelerate in the next couple of years. That includes expanding our TechHub (an online learning platform) to provide a broader range of educational content and new ways to learn. The partnership that we have with CountPlus is key to bringing our vision to reality, along with the additional exposure to Member firms which is opening up new opportunities for us."

Southern Cross Business Advisers

Developing high-performing teams, a focus for Southern Cross Business Advisers

As part of a dedicated shift in strategic approach, leading Mildura-based accounting firm Southern Cross Business Advisers (SCBA) has doubled down on their commitment to developing their team in order to enhance their client service.

“Developing and investing in our people is key to creating future leaders and delivering better client outcomes. There are many capabilities needed in our profession and not all of them are complementary. Our core focus is to ensure that our teams are given every opportunity to succeed through their desired career path with the structured mentoring and skills-based training programs”, said Noel Costa, SCBA Managing Principal.



Their developmental focus has concentrated on two main areas; implementing efficient business practices which creates more capacity, and behavioural coaching/mentoring to foster stronger relationship building. These ‘soft’ skills work hand-in-hand with rigorous education programs to help staff navigate delicate client related matters.

“We introduced offshore support so that we can spend more solution focussed and commercial advisory time on client files and presentation skills, rather than compliance workflow. We’ve also implemented a program where our Partners spend more time coaching/mentoring our team on a one-on-one basis, meeting fortnightly in order to fast track their professional development. We encourage our team members to set the agenda and bring a client file to the table where we view it from a commercial perspective and identify advisory work that may otherwise be overlooked. Our mantra is ‘teach it forward’”, he added.

SCBA is now an established member of the CountPlus community, following a 49% equity investment in the business in September 2021. Throughout that time, we have had access to CountPlus’ head office resources to help with their strategic business planning.

“Having a partnership with CountPlus has helped us immensely. Being able to leverage additional capabilities feels like having extra people in our team. This in turn improves the quality of the service we can deliver to our clients”, Costa added.

SCBA Director, Tony Jones, adds that their approach to individual development is paying dividends, with client satisfaction improving as a result.

“Building an aspiring team culture, our team feel more confident and empowered when they know we are investing in their careers. The preparation for client meetings and confidence shines through when presenting and communicating to clients. It’s little things like this that ensure that we are on the path to becoming a leading advisory service”, he said.

With a tightknit and loyal group of clients across north-west regional Victoria, the SCBA team understands the value of relationship building and maintaining a close connection to the community.

“We have a diverse client base, but they all have one thing in common – a desire to have financial peace of mind and security for their future. The most satisfying element of our work is knowing that we can have a truly strong influence in making that a reality”, he said.

So what’s next on the horizon for the SCBA team?

“Our goal is keep enhancing our reputation as an employer of choice where people can grow their careers in a supportive environment. There’s a close link between the investments we make in our people and the success of our clients. We are all working towards a common goal which gives us a clear purpose”, Jones concluded.

Smart Private Wealth

Smart clients, the key for Smart Private Wealth

For Shannon Smit and the team at Smart Private Wealth, providing a service centred around client education is one of their most important objectives. It is viewed as their defining point of difference.

“That’s our *why* – to put people in a position to make better financial choices and make a real difference to their lives.”

The Mornington-based accounting and advisory firm has been part of the Count Financial network since 2019, and in that time forged a strong reputation for their client-centric approach. They aim to empower their clients by imparting as much valuable information as possible, through direct conversations, e-books, workshops and webinars.



“The webinars serve a double purpose. They give us the opportunity to educate, but also the opportunity to expand our client base. We now have clients all over Australia because they’ve been able to attend one of our webinars to get a better understanding of how we can help them.”

Smit, who is CEO and Founding Director at Smart Private Wealth, says this educational approach is as a key differentiator for their business.

“Providing our clients with knowledge is important. It’s our job to assess their circumstances and make recommendations, but at the end of the day they’re the ones who need to make decisions. It’s our responsibility to instil that confidence in them. It’s easy for them to simply say ‘I trust you’, but the smarter we can make the client, the more empowered they become. Our smartest, most informed clients are the ones whose financial portfolios are performing best.”

According to Smit, generating client trust is also a critical step in the advisory process. It opens up honest conversations about where the client is placed and what they want to achieve.

“Trust is huge in any professional services relationship. Clients need to know that the advice is coming from someone that wholly understands their situation and can work with them to achieve success. We pride ourselves on building that foundation from the first interactions we have because we genuinely care about our clients and want them all to do well.”

That client-centric mindset has paid off, with Smit and the Smart Private Wealth team taking out a number of recent award wins, including *Goals Based Adviser of the Year* and *Marketing Consultant of the Year* at the 2021 IFA Awards, along with the *Financial Adviser of the Year* at the 2021 Women in Finance Awards. They were also voted as Count Financial’s *New Member Firm of the Year 2019* and *Innovator Of The Year 2021*. It has given them the reputation as the most awarded team on the Mornington Peninsula.

“The award wins are wonderful. We don’t take them for granted and they certainly help to recognise the hard work of the entire team. They’re also a valuable marketing tool for our business because they send a powerful message to the community that we have the expertise, experience and can be trusted”, Smit concluded.

Premium Business Group

A commitment to the community

When Premium Business Group joined the Count Financial network in March 2022, it signalled the beginning of a new era for the Hobart-based advisory firm. They chose to move to Count Financial based on the overwhelming sense of community and non-institutional alignment that the CountPlus-owned licensee is known for.

Tom Whitley, Financial Adviser at Premium Business Group, explains the thought process behind the decision to join and the benefits the move has brought to their business and clients so far.



“Changing licensees isn’t a decision that’s made lightly, so we did our due diligence and thoroughly assessed the options in the market. Being able to sit down with key people inside the business and get a better understanding of what they could offer made Count Financial a compelling option. For us, those conversations with key management personnel were the driving force behind our decision. They have a team which works closely with us and operates like an extension of our business, with the technology and systems that can support us along the way.”

Whitley also explains the genuine commitment to creating positive client outcomes made Count Financial stand out from its competitors.

“We have an amazing group of clients and supporting their needs is paramount. We hold an in-person client information session once a year and it was terrific to be joined by our Practice Development Manager Wally David and Andrew Kennedy (Chief Advice Officer at Count Financial) at the most recent event. There were around 100 clients in attendance where we spoke about the current state of the markets, interest rate rises and the importance of having a financial plan. Spending time with clients in that forum and hearing first-hand about their experiences is really valuable for us.”

The next phase for Premium Business Group involves growing their existing client base, which is also being supported through Count Financial’s dedicated head office referrals team. Count Financial is actively committed to fostering growth opportunities for its national network of Member firms and promoting the value of financial advice to more Australians.

“We have been conducting local area marketing campaigns targeting former advice clients who are in need of a new financial adviser, introducing them to our team and explaining the ways that we can support their needs. This has been successful in helping us generate a number of new referrals from the area”, Whitley added.

So far, the targeted marketing activity has resulted in over 30 new referrals from just 120 prospective clients contacted, demonstrating a strong appetite for advice in the community. A further batch of marketing letters will be sent to more prospects in the coming weeks, assisting the continued growth and success of Premium Business Group and highlighting Count Financial’s commitment to supporting its Member firms.

FINANCIAL SUMMARY

	#	2022 \$'000	2021 \$'000	Change %
Revenue from contracts with customers	1	85,293	80,521	6%
Other income		3,573	3,530	1%
Total operating expenses	2	(80,863)	(74,603)	8%
Earnings before interest, tax and amortisation ('EBITA') before profit from associates		8,003	9,448	(15%)
Share of net profit from associates	3	3,516	2,498	41%
EBITA	4	11,519	11,946	(4%)
Interest income	5	27	53	(49%)
Interest expense	6	(1,096)	(1,059)	3%
Amortisation	7	(2,154)	(1,377)	56%
Profit before tax		8,296	9,563	(13%)
Income tax expense	8	(941)	(2,479)	(62%)
Net profit from operations after income tax	9	7,355	7,084	4%
Profit attributable to owners of CountPlus		5,112	4,938	4%
Profit attributable to non-controlling interest		2,243	2,146	5%
Basic earnings per share (cents)		4.58	4.43	3%
Diluted earnings per share (cents)		4.57	4.39	4%
Current assets	10	300,215	321,451	(7%)
Current liabilities	11	285,627	299,725	(5%)
Current ratio		1.05	1.07	(2%)
Non-Current assets	12	128,313	95,212	35%
Non-Current liabilities	13	54,437	35,116	55%
Net assets		88,464	81,822	8%
Net cash	14	11,739	21,911	(46%)

Notes to Financial Summary

1. Revenue from contracts with customers

Revenue is generated from accounting services, financial planning, wealth and services. Accounting related revenue represents 60% of revenue from contracts with customers and was down on the prior period by 3%. Financial planning revenue makes up 14% of revenue from contracts with customers and was up on the prior period by 6%. Wealth revenue makes up 10% of revenue from contracts with customers and was down 7% on prior period. Services revenue represents 6% of revenue from contracts with customers and was a new revenue stream for this year. Revenue from contracts with customers was higher than the prior year by 6% primarily due to the revenue recognised from the new services revenue stream.

2. Total operating expenses

Total operating expenses were 8% higher than the prior period. This is primarily due to additional expenses from the new services revenue stream.

3. Share of net profit from associates

Share of net profit from associates increased by 41% due to earnings of Southern Cross Business Holdings Pty Ltd which was acquired in FY22.

4. EBITA

EBITA decreased by 4% due to a decrease in government grants received by \$2.22M due to COVID-19 and offset by an increase in the Group's share of net profit from associates.

5. Interest income

The 49% decrease in interest income was driven by reductions in the cash interest rate in the current period.

6. Interest expense

Interest expense remained consistent with the prior year and includes finance costs recognised in line with accounting standard AASB 16 Leases.

7. Amortisation

Amortisation (non-cash) of \$2.2M (2021: \$1.4M) relates primarily to an accounting requirement to write down the value of intangible assets, acquired client relationships and adviser networks, over their expected lifetime. The increase from prior year of 56% is driven by the additional acquired client relationships and adviser networks acquired through business combinations during FY22.

8. Income tax expense

Income tax expense is lower when compared to the prior year due to the non-taxable gains on the sale of fee parcels and subsidiaries.

9. Net profit from operations after income tax

Net profit after tax increased in the current year due to a lower income tax expense offset by a reduction in government grants. Profit attributable to CountPlus Ltd shareholders was \$5.1M.

10. Current assets

Current assets decreased due to the indemnity asset, due from CBA, decreasing by \$22M to \$238M.

11. Current liabilities

The decrease in current liabilities was due largely to the decrease in the remediation provision within Count Financial by \$22M to \$238M due to payments being made as part of the remediation program.

12. Non-current assets

Non-current assets have increased by \$33M to \$128M due to an increase in goodwill and acquired client relationships and advisor networks as a result of subsidiaries acquired through the equity partnership strategy as well as an increase in ongoing insurance trail commissions receivable.

13. Non-current liabilities

Non-current liabilities increased compared to prior year due to an increase in ongoing insurance trail commission payable in Count Financial.

14. Net cash

Net cash (cash and cash equivalent less interest bearing liabilities) has decreased to \$11.7M (2021: \$21.9M) due to cash being used in acquisitions during FY22.

COUNTPLUS BOARD



Ray Kellerman

Ray has over 30 years of experience in the financial services industry including in the funds management, financial advisory, life insurance and corporate and structured finance industries. Previous appointments include Independent Chairman of ClearView Wealth, an ASX listed life insurance and financial services company, and Independent Chairman of Credit Suisse Asset Management Australia. Prior to this he was with Perpetual Trustees Australia for 10 years before establishing his own financial services and compliance advisory business in 2001.

Ray is an owner and Executive Director of Quentin Ayers, an implemented asset advisor specialising in alternative private market investments. He holds qualifications in law, economics, investment securities and management.

Ray currently acts as a director for Goodman Funds Management Australia, Ironbark Asset Management (Fund Services) and Ryder Capital. He is also active in a number of governance related roles for some major fund managers operating in Australia.

Ray was appointed a Director of CountPlus in January 2017 and Chairman in April 2017.



Alison Ledger

Alison has more than 30 years of experience in the financial services industry. She has held senior operational and strategic roles in banking, funds management and insurance with Chase, Bankers Trust and IAG. As a Partner with McKinsey & Company, Alison advised leading global and Australian banks on strategy, performance improvement and organisational change. Alison's more recent experience has been in digital transformation and customer experience (CX). As Executive General Manager of Product, Pricing and eBusiness, Alison ran IAG's digital business and CX for the consumer brands including NRMA, SGIO and SGIC.

Alison is Chair of CountPlus' Remuneration and Nominations Committee and a member of the Audit and Risk Committee. She is also a Non-Executive Director of Audinate Group Limited (ASX:AD8) and Latitude Group Holdings Limited (ASX: LFS) as well as Hallmark Insurance, a Latitude subsidiary.

Alison holds a Bachelor of Arts (Hons) in Economics from Boston College and an MBA from Harvard University. She is also a graduate of the Australian Institute of Company Directors.



Kate Hill

Kate has over 20 years experience as an audit partner with Deloitte Touche Tohmatsu, working with ASX listed and privately-owned clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment. She held a variety of leadership and executive roles in Deloitte and served for a period on the Board of Partners of the Australian firm.

Kate Hill is an independent Non-Executive Director, chair of the Audit and Risk Committee and member of the Acquisitions Committee. She is also an Independent Non-Executive Director of Elmo Software Limited (ASX: ELO) where she serves as Chair of the Audit and Risk Committee, and is a member of the Remuneration and Nominations Committee. She is the Chair of Seeing Machines Limited (AIM: SEE) as well as being a member of the Finance and Risk Committee, and the People and Culture Committee.

Kate holds a Bachelor of Science (Hons) from Bristol University, is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a graduate of the Australian Institute of Company Directors.



Andrew McGill

Andrew has more than 30 years financial markets experience, including investment and management experience within the alternative asset sector and the funds management industry generally. He was previously Managing Director and CEO of ASX-listed Pacific Current Group Limited and in this capacity also served on the Board of a number of affiliated companies. Prior to joining Pacific Current Group, he was a founding partner of Crescent Capital Partners, an independent mid-market private equity firm where he worked from 2000 to 2010. Earlier in his career, Andrew held executive roles within Macquarie Bank's Corporate Finance and Direct Investment teams. He was also a consultant with The LEK Partnership, an international firm of business strategy consultants.

Andrew is currently Chairman of the advisory board of Besen Pty Ltd.

Andrew holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and a Graduate Diploma in Applied Finance (FinSIA). He is also a Fellow of the Financial Services Institute of Australasia.



Carolyn Colley

Carolyn has more than 30 years leadership experience spanning financial services, product development and innovation. Carolyn was most recently a co-founder and Chief Operating Officer of Faethm Pty Ltd, a global Software-as-a-Service augmented analytics platform which enables companies, governments and educators to understand the impact of emerging technologies on the Future of Work. She was the Chief Operating Officer of Asgard Wealth Solutions and St. George's Wealth Management business and was the Head of Strategy for Macquarie Advisor Services and the Head of Personal Banking at Macquarie Bank. Carolyn was also the CEO of formerly listed software business, Decimal Software Limited.

Carolyn is an Independent Non-Executive Director of the subsidiary settlement and clearing boards of the Australian Securities Exchange (ASX:ASX) and a member of the ASX Technology Committee.

An Independent Non-Executive Director, Chair of the Information Technology committee and member Remuneration and Nominations Committee of ASX listed salary packaging and leasing business Smartgroup (ASX: SIQ). An independent Non-Executive Director and Chair of the Digital Committee of Chartered Accountants Australia and New Zealand. Non-Executive Director and member of the Board Risk and Compliance Committee of Milford Asset Management Limited and Chair of Milford Australia Pty Limited. Carolyn is also a Non- Executive Director and Chair of the Digital Technology Committee of Chartered Accountants Australia and New Zealand and Non-Executive Director and Deputy Chair of Liverpool Neighbourhood Connections, a community based not for profit organisation.



Hugh Humphrey

Hugh is the Chief Executive Officer and Managing Director of CountPlus, and a Director of Count Financial.

Hugh is a highly regarded executive in the financial services sector. He started his career at global accounting giant PricewaterhouseCoopers, has been the CEO of Hillross Financial Services and was the Executive General Manager for Wealth at Commonwealth Bank.

Most recently he was the senior executive responsible for NAB's personal banking business in NSW. Hugh is renowned as a growth leader and has delivered large-scale change programs including wealth transformations at AMP and CBA.

He has significant expertise in effective risk management, business compliance and customer remediation. He has deep client experience capabilities and digital expertise that he developed in his time leading consumer and enterprise businesses in telecommunications with Optus and Vodafone.

He is a non-executive Director of The Infants' Home and has previously been a director of Hillross Pty Ltd, Vodafone Fiji and a non-executive Director of the Future2 Foundation.

Hugh holds a Bachelor of Commerce from The University of Sydney with double majors in Economics and Marketing. He has an MBA from Henley Business School at the University of Reading, UK. He is a Chartered Banker and he has completed the Australian Institute of Company Directors course.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of CountPlus Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Board of Directors and Company Secretaries

The following persons were Directors and Company Secretaries of CountPlus Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ray Kellerman	Chairman
Alison Ledger	Independent Non-Executive Director
Kate Hill	Independent Non-Executive Director
Andrew McGill	Independent Non-Executive Director
Carolyn Colley	Independent Non-Executive Director
Matthew Rowe	Managing Director and Chief Executive Officer – <i>Resigned 24 February 2022</i>
Hugh Humphrey	Managing Director and Chief Executive Officer – <i>Appointed 1 July 2022</i>
Laurent Toussaint	Company Secretary and Interim Chief Executive Officer (<i>24 February 2022 – 30 June 2022</i>)
Narelle Wooden	Company Secretary
Doug Richardson	Company Secretary

Meetings of Directors

Board of Directors			Audit and Risk Committee		Acquisitions Committee		Remuneration and Nominations Committee		Technology and Innovation Committee	
Name	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Ray Kellerman	Non-Executive Chair	7/7					Member	7/7		
Alison Ledger	Non-Executive Director	7/7	Member	4/4			Chair	7/7		
Kate Hill	Non-Executive Director	6/7	Chair	4/4	Member	3/3				
Andrew McGill	Non-Executive Director	6/7			Chair	3/3	Member	6/7	Member	2/2
Carolyn Colley	Non-Executive Director	6/7	Member	4/4					Chair	2/2
Matthew Rowe*	Managing Director and CEO	3/4			Member	2/2			Member	1/1

* Matthew Rowe resigned effective 24 February 2022.

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- ▶ Accounting, tax and audit services;
- ▶ Financial planning and advice in relation to investment, superannuation and personal insurance;
- ▶ Wealth services being the operator of financial advice licence business; and
- ▶ Actuarial certificate and paraplanning services.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$5,112,000 (30 June 2021: \$4,938,000).

The management team has been focussed on working with our member firms to improve the key financial, cultural and strategic drivers and grow organically, through working with our member firms, and inorganically by acquisitive activity which is reflected in the improved financial results for the year ended 30 June 2022.

Capital management

Interest-bearing debt has increased from \$4,328,000 at 30 June 2021 to \$9,801,000 at 30 June 2022. CountPlus continues to focus on prudent capital management by improving cashflows generated by Partner firms, paying dividends from operating cashflows and investing in earnings accretive acquisitions after undergoing a rigorous acquisition process.

Significant changes in the state of affairs

On 1 July 2021, CountPlus Limited merged its member firm 100% owned Cooper Reeves Pty Ltd with 4Front Holdings Pty Ltd, resulting in CountPlus' ownership interest being transferred into a 51% ownership of 4Front Holdings Pty Ltd.

On 30 July 2021, CountPlus Limited sold the Audit and Corporate Finance business units of member firm Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd for \$3.935M.

On 20 August 2021, CountPlus Limited acquired a 51% shareholding in Wealth Axis Holdings Pty Ltd, a provider of paraplanning and administration support services to financial advice firms for \$1.328M. The acquisition was the first step in building the CountPlus services strategy of investing in activities that enhance operational capacity within member firms.

On 20 August 2021, CountPlus Limited's member firm, Unite Advisory Pty Ltd, acquired the business of Bentley, Brett & Vincent (BBV) for \$1.659M. Unite Advisory also completed a 25% equity sell down to Key Management Personnel under the CountPlus equity partnership model for \$0.875M. CountPlus retains a 75% shareholding in Unite Advisory.

On 3 September 2021, CountPlus Limited acquired a 49% shareholding in Southern Cross Business Holdings Pty Ltd, a leading accounting firm located in Victoria for a total purchase consideration of \$2.741M.

On 1 November 2021, CountPlus Limited acquired an 85% shareholding in Accurium Holdings Pty Ltd, Australia's largest supplier of Self Managed Superannuation Fund (SMSF) actuarial certificates from Challenger Limited for \$7.650M.

Dividends

CountPlus' dividend policy is set at a range of between 60% to 90% of maintainable net profit after tax and minority interests, subject to market conditions and company performance.

CountPlus is committed to the following principles in determining the dividend policy:

- ▶ Payment of dividends out of operating cashflows; and
- ▶ Consideration of debt reduction, working capital and investments.

The Board is pleased to declare a final dividend of 2.00 cents per share fully franked for the financial year ended 30 June 2022 (30 June 2021: 1.50 cents per share). The half-year 2022 dividend paid and final 2022 dividend declared were 80% of maintainable net profit after tax and minority interest.

Dividends paid during the financial year were as follows:

Financial year ended	Franking	Status	Cents per share	Payment date
2021	Fully franked	Paid	1.50 (per fully paid share)	13 October 2021
2022	Fully franked	Paid	1.50 (per fully paid share)	6 April 2022

Events after reporting date

On 1 July 2022, CountPlus Limited appointed Hugh Humphrey as Chief Executive Officer.

On 1 July 2022, CountPlus Limited finalised terms to acquire a 32.75% shareholding in WSC Group Pty Ltd on 1 August 2022.

On 4 July 2022, CountPlus Limited member firm, NSW based CountPlus One Pty Ltd (CP1) acquired 100% of the business CDC Partners Pty Ltd.

On 13 July 2022, CountPlus Limited commenced a share buy-back scheme to enhance returns to shareholders with specific capital management initiatives. A maximum of 11,422,255 shares will be repurchased. The timing and number of shares repurchased will depend on the Group's share price and market conditions. 761,089 shares have repurchased up to the date of this report. There can be no certainty that all of the shares will be repurchased.

On 26 August 2022, the Directors resolved to declare a full year final dividend for FY22 of 2.00 cents (fully franked) to be paid on 12 October 2022 (Record date 23 September 2022).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect:

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

Our business by segments

The Group consists of three operating segments:

Accounting which comprises the provision of accounting, audit and assurance, taxation, financial planning services and business and corporate advisory services.

Wealth which comprises of Financial Advice services provided by Australian Financial Services Licence (AFSL) holders.

Services which comprises of services that support the activities of the Accounting segment.

The Group will continue to align, build, and grow its core business through organic and acquisitive growth.

Material business risks

The main risks for the Group are classified into three categories, operational, legislative and other. Group risks are regularly assessed by the Board and the Board's Audit and Risk Committee. Risks are addressed in an appropriate manner and are reflected through changes in Group policies as required.

Operational risk

The main operational risk for our accounting and business advisory firms relates to inappropriate or inadequate client advice. All firms are required to have quality assurance processes and appropriate professional indemnity insurance either directly or as part of the Group policy. Accounting and business advisory firms who are part of the Count Financial licensee network are covered under Count Financial's professional indemnity insurance arrangements for their financial planning services.

Regarding the acquisition of Count Financial, which completed on 1 October 2019, the Commonwealth Bank of Australia has provided a \$300 million indemnity to cover remediation of past conduct.

A further operational risk relates to potential loss of clients, working capital management and staff costs which may be triggered by either senior team departures or declining service levels. Accounting and business advisory firms have regular board and management meetings in which the performance of the firm and forecasts are analysed. Any operational issues are also addressed at those meetings. Accounting and business advisory firms Principals are subject to restraint clauses as part of their employment contracts. In addition, all accounting and business advisory firms have succession plans in place.

Training and compliance monitoring have been implemented to ensure standards are being met.

Legislative risk

In terms of legislative risk, any substantive changes that impact the provision of accounting / tax services or financial planning services, could have a material impact on the Group. For accounting / tax related services, initiatives being considered by the Federal Government to further reduce the requirement for individuals to lodge tax returns may have some impact on the compliance based work for some accounting and business advisory firms.

Legislative risk is not currently expected to significantly impact the profitability of accounting and business advisory firms and the Group, but it will continue to be closely monitored by the Board's Audit and Risk Committee.

Other risks

In addition to the two main risk categories, the following are some of the additional risks assessed by the Board:

- ▶ **Integration risk:** risk relating to the successful integration of newly acquired member firms;
- ▶ **Expense management:** failure to control expenses such as staff costs would result in earnings for CountPlus not reflecting revenue performance by member firms; and
- ▶ **Equity partnership:** the timing and implementation of this initiative will be subject to the underlying performance of the participating firms against key performance indicators.

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2022 forms part of the Directors' Report. It has been prepared in accordance with the *Corporations Act 2001 (Cth)* (**the Act**), the Corporations Regulations 2001 (**Cth**) and *AASB124 Related Party Disclosures* and audited as required by the Act. It also includes additional information and disclosures that are intended to enable a deeper understanding by shareholders of CountPlus' remuneration governance and practices.

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2022 (FY22). The Remuneration Report aims to provide information regarding the remuneration framework and structure for Key Management Personnel (KMP) including non-executive and executive directors of CountPlus for FY22 with a focus on addressing the interests of all stakeholders.

This year, we have updated the structure of the Report to improve disclosure and communications to our Shareholders. The Board acknowledges the valuable feedback from Shareholders regarding the disclosure surrounding the STI metrics and outcomes. As such, we have addressed these concerns by clearly disclosing what key performance indicators and weightings applied in respect of FY22 performance and the outcomes (refer to section 4.1 for more information).

The current executive remuneration strategy and framework which focuses on the attraction, retention and motivation of high-calibre individuals through the reward of fair but competitive remuneration which includes base pay as well as short and long-term incentives. This ensures that executives are aligned with shareholders and rewarded for their performance.

During the financial year, our CEO and Managing Director Mr Matthew Rowe's contract ended and was not renewed. He was on a 5-year contract with CountPlus and did not receive any termination benefits. Our CFO, Mr Laurent Toussaint acted as Interim CEO effective 24th February 2022 until 30 June 2022. Mr Hugh Humphrey was appointed as CEO and Managing Director on 1 July 2022.

With corporate social responsibility becoming an increasingly prevalent topic, CountPlus is committed to best practice in corporate governance, compliance, and ethical behaviour within the ESG landscape with the health, safety and wellbeing of our members, staff and partners is our primary focus. Several initiatives that we have implemented to assist with this goal include:

- ▶ a formal diversity policy, to ensure that we are attracting and hiring talent from a range of diverse backgrounds,
- ▶ a whistle-blower policy, to ensure a safe and confidential process when raising suspected corrupt, illegal or unethical behaviour,
- ▶ giving back to the community through the Count Charitable Foundation which is aimed at providing members and staff the opportunity to pursue philanthropic endeavours aimed at improving their local communities.

Alison Ledger

Chair of the Remuneration and Nomination Committee

1 People covered by this report

This report covers Key Management Personnel (KMP) which are defined as those who have the authority and responsibility for planning, directing and controlling the activities of CountPlus.

			Committee Membership			
Name	Role	Appointed	Audit & Risk	Remuneration & Nomination	Acquisitions	Technology & Innovation
Non-Executive KMP						
Ray Kellerman	Non-Executive Chairman	27/04/2017		✓		
Alison Ledger	Independent Non-Executive Director	1/10/2016	✓	C		
Kate Hill	Independent Non-Executive Director	26/06/2017	C		✓	
Andrew McGill	Independent Non-Executive Director	4/12/2017		✓	C	✓
Carolyn Colley	Independent Non-Executive Director	6/10/2020	✓			C
Executive KMP						
Laurent Toussaint	Interim Chief Executive Officer & Chief Financial Officer	24/02/2022 22/01/2018				
Graham McGeagh	Chief Operating Officer	1/10/2018				
Narelle Wooden	General Counsel and Company Secretary	19/11/2018				
Andrew Kennedy	Chief Advice Officer, Count Financial	13/01/2020				
Matthew Rowe	Chief Executive Officer	24/02/2017			✓	✓
Hugh Humphrey	Chief Executive Officer	1/07/2022				

C = Chair of Committee ✓ = Member of Committee

The following changes to KMP occurred during FY22 or between the end of FY22 and the date of publication of this report:

- (a) Laurent Toussaint was acting as the interim CEO from 24/02/2022 to 30/06/2022. Effective 1/07/2022 he was appointed as Chief Financial and Operating Officer.
- (b) Matthew Rowe departed during the financial year on 24/02/2022, he was previously the CEO & Managing Director.
- (c) Graham McGeagh departed during the financial year on 06/03/2022, he was previously the Chief Operating Officer.
- (d) Hugh Humphrey was appointed as CEO on 01/07/2022.

2 Remuneration Overview

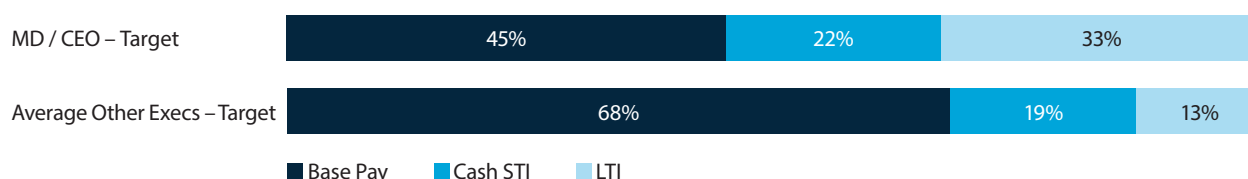
2.1 Executive Remuneration Structure At-A-Glance

During FY22, the remuneration structures in place were unchanged from the prior year, and the same structure is expected to apply in FY23. The following diagrams outline CountPlus' approach to executive remuneration and the remuneration cycle under the framework applicable to FY22:

Base Pay		Variable Remuneration	
		Short-Term Incentive	Long-Term Incentive
Purpose	To reward executives with reference to position, responsibility and performance relative to market benchmarks.	To reward Executive KMP for meeting annual performance targets set by the Board at the beginning of the reporting period.	To align Executive KMP remuneration with shareholder value over the longer term subject to the satisfaction of challenging performance conditions.
Delivery	Base Salary, Super, and Non-Monetary Benefits.	Cash	Performance Rights over a Measurement Period of 4 years.
Clawback	The Group may immediately terminate employment at any time in the case of serious misconduct, and the CEO and Other Executive KMP will only be entitled to payment of total base pay up to the date of termination. On termination without notice by the Group in event of serious misconduct: all unvested short-term incentive ('STI') or long-term incentive ('LTI') benefits will be forfeited; and any equity instruments provided to the employee on vesting of STI and LTI awards that are held in trust, will be forfeited.		

2.2 FY22 Executive Remuneration Opportunities and Outcomes At-A-Glance

The following charts outline the remuneration target / maximum opportunity under CountPlus' executive remuneration structures:



3 CountPlus' Remuneration Strategy, Policy and Framework

3.1 Remuneration Philosophy, Policy and Governance

Remuneration Philosophy

The guiding principles that underpin our remuneration philosophy across CountPlus include:

- ▶ **Shareholder Aligned:** Our executive remuneration framework supports the delivery of our strategy and helps to create shareholder value by linking remuneration outcomes to relevant and measurable financial and non-financial goals.
- ▶ **Simple and transparent:** Our remuneration framework is designed to ensure the highest level of transparency and understanding, externally and internally. Remuneration should maintain appropriate proportions of fixed and performance-related pay to avoid excessive risk-taking.
- ▶ **Clear remuneration governance:** Our remuneration framework, policies and processes are governed by clear guidelines and accountabilities balanced with the ability for the Board to apply judgement over potential unintended or unequitable outcomes. All remuneration for the CEO and KMP requires final approval by the CountPlus Board with support of the Remuneration & Nominations Committee.
- ▶ **Fair, equitable and motivational:** Our remuneration arrangements are designed to attract and retain high-calibre individuals who live our values and are collectively motivated by our vision, purpose, and achievement of our business strategy. Remuneration should, where possible for a comparable role, sit in the mid-quartile of the industry-sector we operate.
- ▶ **Personal accountability and shared responsibility:** Our remuneration framework appropriately rewards individual discretionary effort, teamwork, and behaviour that is aligned with our values-based culture. This is balanced with business unit / team performance and must be reflective of the overall performance of CountPlus.
- ▶ **Recognises the importance of our non-financial strategic drivers:** These include, Firms, People, Focus, Partners, Clients and Community.

Policy and Governance

CountPlus' Remuneration Policy (Policy) has been approved by the Board which outlines overall responsibility for all remuneration decisions. The Policy is reviewed at least once every three years to ensure ongoing compliance with regulatory changes, as more information becomes known and the changes are due to take effect.

CountPlus has an established Remuneration and Nomination Committee which, among other things, is responsible for overseeing the remuneration and human resource practices for the Group. In discharging these responsibilities, the Remuneration and Nomination Committee adheres to CountPlus' Remuneration Policy, which is in place to:

- ▶ Outline employee obligations and CountPlus' obligations;
- ▶ Set out roles, responsibilities and accountabilities of the KMP;
- ▶ Set out clear reporting and controls;
- ▶ Define various terms to ensure a common understanding; and
- ▶ Clarify what happens if this policy or associated procedures are breached.

3.2 Executive Remuneration

The Group aims to reward executives based on their position, responsibility, and performance, with a level and mix of remuneration which has both fixed and variable components. The Executive remuneration and reward framework has three components:

- ▶ base pay, which includes salary, superannuation and non-monetary benefits;
- ▶ short-term performance incentives; and
- ▶ long-term performance incentives.

The combination of these make up the Executive's total remuneration. Base pay, consisting of base salary and non-monetary benefits, are reviewed annually by the Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

The STI program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators being achieved. The LTI include share-based payments. Performance rights are awarded to executives over a period based on long-term incentive measures. These measures are growth in earnings per share ('EPS') and return on equity ('ROE') performance hurdles. The Committee reviews the long-term equity-linked performance incentives for executives annually.

3.3 FY22 Short-Term Incentive (STI) Plan

A description of the STI structure applicable for FY22 is set out below:

Purpose	To reward Executive Key Management Personnel for meeting annual performance targets set by the Board at the beginning of the reporting period.										
Measurement Period	The financial year of the company (1 July – 30 June)										
Opportunity	<table> <tr> <th></th><th colspan="2">Opportunity as % of Base Salary</th></tr> <tr> <th></th><th>CEO</th><th>Other Execs</th></tr> <tr> <td>Target*</td><td>50%</td><td>30%</td></tr> </table>			Opportunity as % of Base Salary			CEO	Other Execs	Target*	50%	30%
	Opportunity as % of Base Salary										
	CEO	Other Execs									
Target*	50%	30%									
	* Target Opportunity is the maximum opportunity that executives may be awarded.										
Outcome Metrics and Weightings	<p>Short-term incentives are in place to reward Executive Key Management Personnel for meeting annual performance targets set by the Board at the beginning of the reporting period. The STI is set as a percentage of base salary and performance is assessed against a balanced scorecard of both financial and non-financial key performance indicators ('KPIs'). Financial KPIs may change year to year but can include; revenue growth, net profit after tax growth and acquisitions. Non-financial KPIs may change year to year but can include: employee engagement and implementing strategic initiatives.</p> <p>All STIs awarded are recommended by the Committee to the Board for approval. As a listed Company, the Directors are mindful of shareholder expectations for the Group's performance when setting and approving these incentives. Refer to the section "The Link Between Performance and Reward in FY22" for additional information regarding performance outcomes relative to objectives.</p>										
Gate	A Gate of 90% Targeted net profit after tax ('NPAT') is in place in order for any vesting to occur under the STI award (i.e. if the Gate is not met, nil vesting will occur).										
Award, Settlement and Deferral	Awards will be calculated following the auditing of financial statements. These are delivered in cash.										
Clawback	The Group may immediately terminate employment at any time in the case of serious misconduct, and the CEO and Other Executive KMP will only be entitled to payment of total base pay up to the date of termination. On termination without notice by the Group in event of serious misconduct: all unvested STI or LTI benefits will be forfeited; and any equity instruments provided to the employee on vesting of STI and LTI awards that are held in trust, will be forfeited.										

3.4 FY22 Long-Term Incentive (LTI) Plan

A description of the LTI structure applicable for FY22 is set out below:

Purpose	To align Executive Key Management Personnel’s remuneration with shareholder value and CountPlus’ strategy, as well as strike an appropriate balance between growth and long-term profitability. This is subject to the satisfaction of two performance milestones, Diluted EPS Growth and Average ROE.																				
Instrument	The LTI is in the form of Performance Rights with a nil Exercise Price, which are subject to performance and service vesting conditions.																				
Measurement Period	1 July 2021 to 30 June 2025 (4 Years)																				
Opportunity	<table><tr><th colspan="3">Opportunity as % of Base Pay</th></tr><tr><th></th><th>CEO</th><th>Other Execs</th></tr><tr><td>Target / max</td><td>75%</td><td>20%</td></tr></table>			Opportunity as % of Base Pay				CEO	Other Execs	Target / max	75%	20%									
Opportunity as % of Base Pay																					
	CEO	Other Execs																			
Target / max	75%	20%																			
Grant Calculation	<p>The number of Rights in a Tranche of LTI to be granted are calculated via the application of the following formula:</p> <p>Maximum LTI Award Value ÷ 30-day Volume Weighted Average Price (VWAP) where Right Value is the 30-day VWAP value of a Right (ignoring vesting conditions and not discounted).</p>																				
Performance Metric and Vesting Scale	<p>Tranche 1 – Diluted EPS growth (50%) Target and Vesting Schedule:</p> <table><tr><th></th><th>Diluted EPS Growth</th><th>% of Performance Rights Vesting*</th></tr><tr><td>Target</td><td>12.50%</td><td>100%</td></tr><tr><td>Threshold</td><td>10%</td><td>50%</td></tr></table> <p>* Straight-line vesting between threshold and target.</p> <p>Tranche 2 – Average ROE (50%) Target and Vesting Schedule:</p> <table><tr><th></th><th>Average ROE</th><th>% of Performance Rights Vesting*</th></tr><tr><td>Target</td><td>15%</td><td>100%</td></tr><tr><td>Threshold</td><td>9%</td><td>50%</td></tr></table> <p>* Straight-line vesting between threshold and target.</p>				Diluted EPS Growth	% of Performance Rights Vesting*	Target	12.50%	100%	Threshold	10%	50%		Average ROE	% of Performance Rights Vesting*	Target	15%	100%	Threshold	9%	50%
	Diluted EPS Growth	% of Performance Rights Vesting*																			
Target	12.50%	100%																			
Threshold	10%	50%																			
	Average ROE	% of Performance Rights Vesting*																			
Target	15%	100%																			
Threshold	9%	50%																			
Retesting	No retesting.																				
Change of Control	On a takeover or change in control of the company, any unvested Performance Rights may vest on a pro-rata basis based on the most current financial reports available at the time the change of control occurs unless otherwise determined by the Board. The pro-rata period will be calculated from the Performance Rights grant date to the change of control date. If the KMPs remain employed with the company after a change of control has occurred, and assuming the company remains listed, any unvested Performance Rights will remain available for vesting at their original vesting dates.																				

Cessation of Employment	<p>If an executive ceases employment before the vesting conditions are satisfied, the Performance Rights will automatically lapse (unless the Board determines otherwise).</p> <p>In the case of cessation of employment because of retirement, redundancy, death, or permanent incapacity, the Board may approve a pro-rata vesting of the Performance Rights. The number of Performance Rights that may vest on cessation of the KMPs' employment in these circumstances will be calculated as follows:</p> <p>Date of Grant to Date of termination (in days) ÷ Date of Grant to Intended Vesting Date (in days) × No. of Performance rights held on cessation.</p>
Disposal Restriction	Performance Rights cannot be transferred, disposed of, or have a security interest imposed over them.
Clawback	<p>The Group may immediately terminate employment at any time in the case of serious misconduct, and the CEO and Other Executive KMP will only be entitled to payment of total base pay up to the date of termination. On termination without notice by the Group in event of serious misconduct: all unvested STI or LTI benefits will be forfeited; and any equity instruments provided to the employee on vesting of STI and LTI awards that are held in trust, will be forfeited.</p>

3.5 FY22 Non-Executive Director (NED) Remuneration

3.5.1 Fee Policy

The following outlines the principles that CountPlus applies to governing NED remuneration:

Policy	<p>Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Committee. The Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors taking into account the fees paid for similar roles in comparable companies. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors are not entitled to participate in equity schemes of the Company and are not entitled to receive performance-based bonuses. Non-executive Directors are not entitled to retirement benefits other than in respect of any superannuation entitlements.</p> <p>The following outlines the Board Fees that were paid in FY22 and which are anticipated to apply for FY23 (note: an increase to Board Fees was approved in FY21):</p>
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Role	Main Board	Committees
Chair	\$150,685	\$10,000
Member	\$80,412	n/a

Fees are inclusive of superannuation

Aggregate Board Fees	The total amount of fees paid to Non-Executive Directors in the year ended 30 June 2022 is within the aggregate amount of \$700,000 which was approved at the Annual General Meeting on 16/11/2021.
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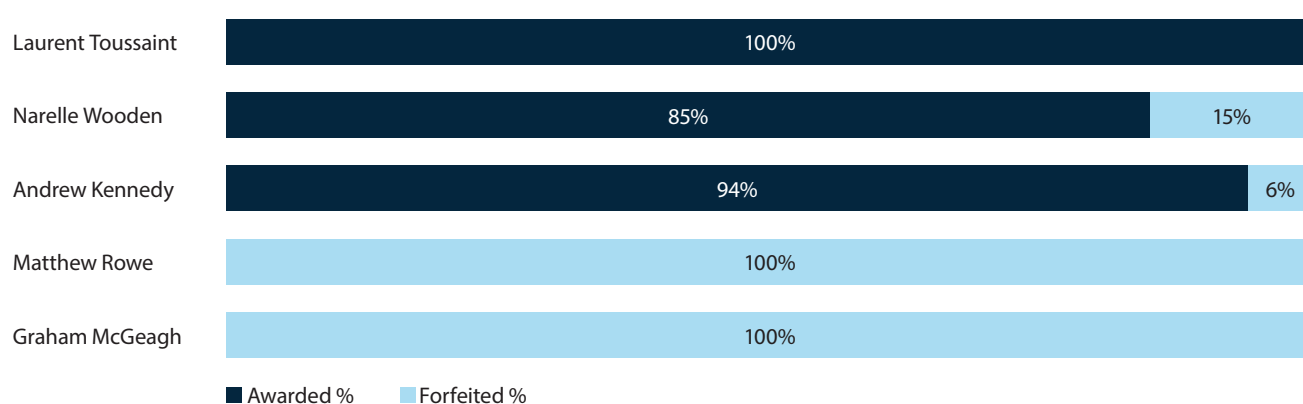
4 The Link Between Performance and Reward in FY22

The Board views the outcomes of remuneration for FY22 performance as appropriately aligned to stakeholder interests, given the strong group and individual performance against annual objectives, the shareholder value created, and progress towards strategic objectives made by the executive team.

4.1 FY22 STI Outcomes

The STI plan is designed to reward executives for the achievement against annual performance objectives set by the Board at the beginning of the performance period. The payment of an STI is dependent on delivery of performance against a range of outcome metrics.

Overall STI outcomes for FY22 expressed as a % of maximum opportunity awarded and forfeited in the graph below:



4.2 FY18 LTI Outcomes

The LTI Plan is designed to reward executives for meeting long-term value creation targets specified by the Board at the start of the financial year, and to align executives' interests with those of shareholders. The performance criteria for the FY18 LTI award were met for Tranche 1 (100%) and partially met for Tranche 2 (34.75%) in FY22 and subject to service criteria being met on 19th November 2022, the award will be paid in FY23.

Instrument	Performance Rights
Measurement Period	FY18 to FY22 completion.
Performance Metrics and Weightings	Tranche 1 Diluted EPS growth 50% weighting Tranche 2 Average ROE 50% weighting
Service Conditions	A one-year service test for each year of the measurement period ending on 19 November 2022.
Performance Outcome and Vesting Determination	The Board has assessed that the performance vesting conditions have been met. Should the service vesting conditions be met, 100% of Tranche 1 and 34.75% of Tranche 2 vesting will apply in respect of the completed FY22 reporting period for Participants that held unvested FY18 Performance Rights at the Vesting Date. This is in the Board's view appropriate given the value created for shareholders over the Measurement Period.
Board Discretions Applied	The Board did not apply any discretionary adjustments to the performance assessment or vesting.

The following table outlines the FY18 LTI outcomes for executive KMP:

				Number Eligible to Vest during FY22 for FY23 Completion	Target Performance	Actual Outcome	% of Max / Stretch / Grant Vested	Number Vested	Grant Date VWAP	\$ Value of LTI that Vested (as per Grant Date VWAP)
Name	Role	Tranche	Weighting							
Laurent Toussaint	Interim Chief Executive Officer & CFO	EPS Tranche	50%	51,278	12.50%	192.15%	100%	51,278	\$0.59	\$29,998
		ROE Tranche	50%	51,277	15%	10.80%	34.75%	17,818	\$0.59	\$10,513
Narelle Wooden	General Counsel & Company Secretary	EPS Tranche	50%	23,930	12.50%	192.15%	100%	23,930	\$0.59	\$13,999
		ROE Tranche	50%	23,929	15%	10.80%	34.75%	8,316	\$0.59	\$4,906
Andrew Kennedy	Chief Advice Officer, Count Financial	EPS Tranche	50%	–	12.50%	192.15%	100%	–	–	–
		ROE Tranche	50%	–	15%	10.80%	34.75%	–	–	–
Matthew Rowe	CEO & Managing Director	EPS Tranche	50%	–	12.50%	192.15%	100%	–	–	–
		ROE Tranche	50%	–	15%	10.80%	34.75%	–	–	–
Graham McGeagh	Chief Operating Officer	EPS Tranche	50%	–	12.50%	192.15%	100%	–	–	–
		ROE Tranche	50%	–	15%	10.80%	34.75%	–	–	–
TOTAL \ AVERAGE				150,414		101%	67%	101,342	\$0.59	\$59,416

4.3 Use of Board Discretion

During the financial year and to the date of this report, the Board did not exercise any discretions available to it to exceed maximum STI or LTI outcomes, vesting or awards.

5 Statutory Tables and Supporting Disclosures

5.1 Executive KMP Statutory Remuneration for FY22

The following table outlines the statutory remuneration of executive KMP:

Name	Role(s)	Year	Base Pay				Variable Remuneration		Total for the year		Other Statutory items	
			Salary	Super	Non-Monetary Benefits***	Total Base Pay	Cash STI*	LTI**	Total Remuneration Package (TRP)	Variable Remuneration % TRP	Termination Benefits	Change in Accrued Leave
Laurent Toussaint	Interim Chief Executive Officer & CFO	2022	\$387,421	\$23,568	–	\$410,989	\$108,558	\$33,234	\$552,781	26%	–	\$5,735
	Chief Financial Officer & Company Secretary	2021	\$333,306	\$21,694	–	\$355,000	\$65,545	\$26,121	\$446,666	20%	–	\$6,348
Narelle Wooden	General Counsel & Company Secretary	2022	\$299,791	\$23,568	–	\$323,359	\$77,343	\$25,735	\$426,437	24%	–	\$3,548
	General Counsel & Company Secretary	2021	\$293,306	\$21,694	–	\$315,000	\$54,862	\$20,000	\$389,862	19%	–	\$2,814
Andrew Kennedy	Chief Advice Officer, Count Financial	2022	\$302,916	\$23,568	–	\$326,484	\$56,887	\$11,025	\$394,396	17%	–	\$5,481
	Chief Advice Officer, Count Financial	2021	\$298,425	\$21,694	\$4,881	\$325,000	\$16,969	\$11,025	\$352,994	8%	–	\$11,466
Matthew Rowe	CEO & Managing Director	2022	\$396,173	\$15,500	–	\$411,673	–	–	\$411,673	–	–	–
	CEO & Managing Director	2021	\$478,306	\$21,694	–	\$500,000	\$135,106	\$106,627	\$741,733	32%	–	\$15,423
Graham McGeagh	Chief Operating Officer	2022	\$285,276	\$16,044	–	\$301,320	–	–	\$301,320	–	–	–
	Chief Operating Officer	2021	\$313,306	\$21,694	–	\$335,000	\$52,856	\$23,624	\$411,480	18%	–	\$3,129

* Note that the STI / bonus value reported in this table is the bonus that was awarded during the reporting period, being the award earned during the current period. Variable remuneration outcomes for the reporting period are outlined elsewhere in this report.

** Note that the LTI / Equity value reported in this table is the amortised accounting charge of all grants that have not lapsed or vested as at the start of the reporting period.

*** Other benefits include items such as car parking, car allowances, FBT, insurance etc.

5.2 Non-executive Director (NED) KMP Statutory Remuneration for FY22

The following table outlines the statutory and audited remuneration of NEDs (\$, except where otherwise indicated):

Name	Role	Year	Board Fees	Committee Fees	Superannuation	Total
Ray Kellerman	Non-Executive Chairman	2022	\$136,986	–	\$13,699	\$150,685
	Non-Executive Chairman	2021	\$136,986	–	\$13,014	\$150,000
Alison Ledger	Non-Executive Director	2022	\$80,412	\$10,000	–	\$90,412
	Non-Executive Director	2021	\$73,060	\$9,132	\$7,808	\$90,000
Kate Hill	Non-Executive Director	2022	\$73,102	\$9,091	\$8,219	\$90,412
	Non-Executive Director	2021	\$73,060	\$9,132	\$7,808	\$90,000
Andrew McGill	Non-Executive Director	2022	\$73,102	\$9,091	\$8,219	\$90,412
	Non-Executive Director	2021	\$73,060	\$9,132	\$7,808	\$90,000
Carolyn Colley	Non-Executive Director	2022	\$73,102	\$9,091	\$8,219	\$90,412
	Non-Executive Director	2021	\$51,267	\$6,408	\$5,479	\$63,154

5.3 KMP Equity Interests and Changes During FY22

Movements in equity interests held by executive KMP during the reporting period, including their related parties, are set out below:

Name	Instrument	Number Held at Open FY22	Granted FY22		Forfeited during FY22	Vested during FY22	FY22 Exercised (or Shares received from Exercising)	FY22 Purchased / Other	FY22 Sold	Number Held at Close 2022
		Number	Date Granted	Number	Number	Number	Number	Number	Number	Number
Laurent Toussaint	Shares	20,000	–	–	–	–	–	30,000	–	50,000
	Unvested Rights	230,827	10/12/21	76,083	–	–	–	–	–	306,910
Narelle Wooden	Shares	–	–	–	–	–	–	–	–	–
	Unvested Rights	160,769	10/12/21	63,453	–	–	–	–	–	224,222
Andrew Kennedy	Shares	10,394	–	–	–	–	–	–	–	10,394
	Unvested Rights	84,769	–	–	–	–	–	–	–	84,769
Matthew Rowe	Shares	2,400,000	–	–	–	–	–	175,000	–	2,575,000
	Unvested Rights	994,968	10/12/21	394,695	(1,389,663)	–	–	–	–	–
Graham McGeagh	Shares	28,330	–	–	–	–	–	–	–	28,330
	Unvested Rights	216,701	10/12/21	69,768	(286,469)	–	–	–	–	–
TOTALS		4,146,758	N/A	603,999	(1,676,132)	–	–	205,000	–	3,279,625

Movements in equity interests held by non-executive KMP during the reporting period, including their related parties, are set out below:

Name	Instrument	Number Held at Open FY22	FY22 Purchased	FY22 Sold	Number Held at Close FY22
		Number	Number	Number	Number
Ray Kellerman	Shares	1,800,000	450,000	–	2,250,000
Alison Ledger	Shares	10,000	–	–	10,000
Kate Hill	Shares	200,000	–	–	200,000
Andrew McGill	Shares	10,000	–	–	10,000
Carolyn Colley	Shares	6,000	–	–	6,000
TOTALS		2,026,000	450,000	–	2,476,000

The following outlines the accounting values and potential future costs of equity remuneration granted during FY22 for executive KMP:

2022 Equity Grants		Grant Type	Vesting Conditions	Grant Date	Total Value at Grant	Value Expensed in FY22	Max Value to be Expensed in Future Years
Name	Tranche						
Laurent Toussaint	FY22 LTI Performance Rights	LTI	EPS Growth	10/12/21	\$36,144	\$5,077	\$31,067
	FY22 LTI Performance Rights	LTI	Average ROE	10/12/21	\$36,143	\$5,077	\$31,066
Narelle Wooden	FY22 LTI Performance Rights	LTI	EPS Growth	10/12/21	\$30,144	\$4,234	\$25,910
	FY22 LTI Performance Rights	LTI	Average ROE	10/12/21	\$30,143	\$4,234	\$25,909
Matthew Rowe	FY22 LTI Performance Rights	LTI	EPS Growth	10/12/21	\$187,500	–	–
	FY22 LTI Performance Rights	LTI	Average ROE	10/12/21	\$187,499	–	–
TOTALS					\$507,573	\$18,622	\$113,952

Note: the minimum value to be expensed in future years for each of the above grants made in FY22 is nil. A reversal of previous expense resulting in a negative expense in the future may occur in the event of an executive KMP departure or failure to meet non market-based conditions including failure for gate to open.

5.4 KMP Service Agreements

5.4.1 Executive KMP Service Agreements

The following outlines current executive KMP service agreements:

Name	Position Held at Close of FY22	Employing Company	Duration of Contract	Period of Notice		Termination Payments*
				From Company	From KMP	
Laurent Toussaint	Interim Chief Executive Officer & CFO	CountPlus Limited	No Fixed Term	Three months	Three months	106,250
Narelle Wooden	General Counsel & Company Secretary	CountPlus Limited	No Fixed Term	Three months	Three months	83,688
Andrew Kennedy	Chief Advice Officer, Count Financial	CountPlus Limited	No Fixed Term	Three months	Three months	84,070
Hugh Humphrey**	CEO & Managing Director	CountPlus Limited	No Fixed Term	Six months	Six months	288,750

* Under the Corporations Act, broadly the Termination Benefit Limit is 12 months average Salary (over prior 3 years) unless shareholder approval is obtained.

** In the case of redundancy within three years of the commencement date, where the employee has not otherwise obtained suitable employment, the Company will pay a redundancy payment of six months remuneration, in addition to the six month termination notice period payment.

5.4.2 Non-executive directors (NEDs) Service Agreements

The appointment of NEDs is subject to a letter of appointment. The letter summarises the Board policies and terms, including remuneration. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

5.5 Other Statutory Disclosures

5.5.1 Loans to KMP and their related parties

During the financial year and to the date of this report, the Company made no loans to directors and other KMP and none were outstanding as at 30 June 2022 (2021: Nil).

5.5.2 Other transactions with KMP

Former Managing Director and CEO, Matthew Rowe is a Director and indirect shareholder of My Accounts Pty Ltd ('My Accounts'). In FY22 CountPlus used the services of My Accounts for which it paid \$46,789 (excluding GST). Mr Rowe did not participate or bear any kind of influence in decisions relating to transactions with My Accounts. There are no other transactions which involved the Key Management Personnel during the 2022 financial year.

5.5.3 External Remuneration Consultants

During FY22, the Remuneration and Nominations Committee engaged Godfrey Remuneration Group Pty Ltd (GRG) as an External Remuneration Consultant (ERC) to assist with the preparation of CountPlus' FY22 Remuneration Report. A total of \$22,000 (including GST) was paid in FY22. No remuneration recommendations were made under Section 9B and Section 300A of the Corporations Act 2001.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Non-audit services

The auditors, Grant Thornton Audit Pty Limited (including any other person or firm on the auditor's behalf) did not provide any non-audit services during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016 / 191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Corporate Governance statement

The Group's Directors and management are committed to conducting the business of the Group in an ethical manner. The Group has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations. The Group has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Group, identifies any recommendations that have not been followed, and provides reasons for not following such recommendations (Corporate Governance Statement).

In accordance with the ASX Listing Rules 4.7.4 and 4.10.3, the Corporate Governance Statement will be available for review on CountPlus' website (www.countplus.com.au) and will be lodged together with an Appendix 4G with the ASX while this Annual Report is lodged with ASX. The Appendix 4G will identify each recommendation that needs to be reported against by CountPlus and will provide shareholders with information as to where relevant governance disclosures can be found. The Group's corporate governance policies and charters and policies are all available on CountPlus' website.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors,



Ray Kellerman

Chairman

26 August 2022

Sydney

AUDITOR'S INDEPENDENCE DECLARATION



Grant Thornton Audit Pty Ltd
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383 Kent Street
Sydney NSW 2000
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Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of CountPlus Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of CountPlus Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in dark ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

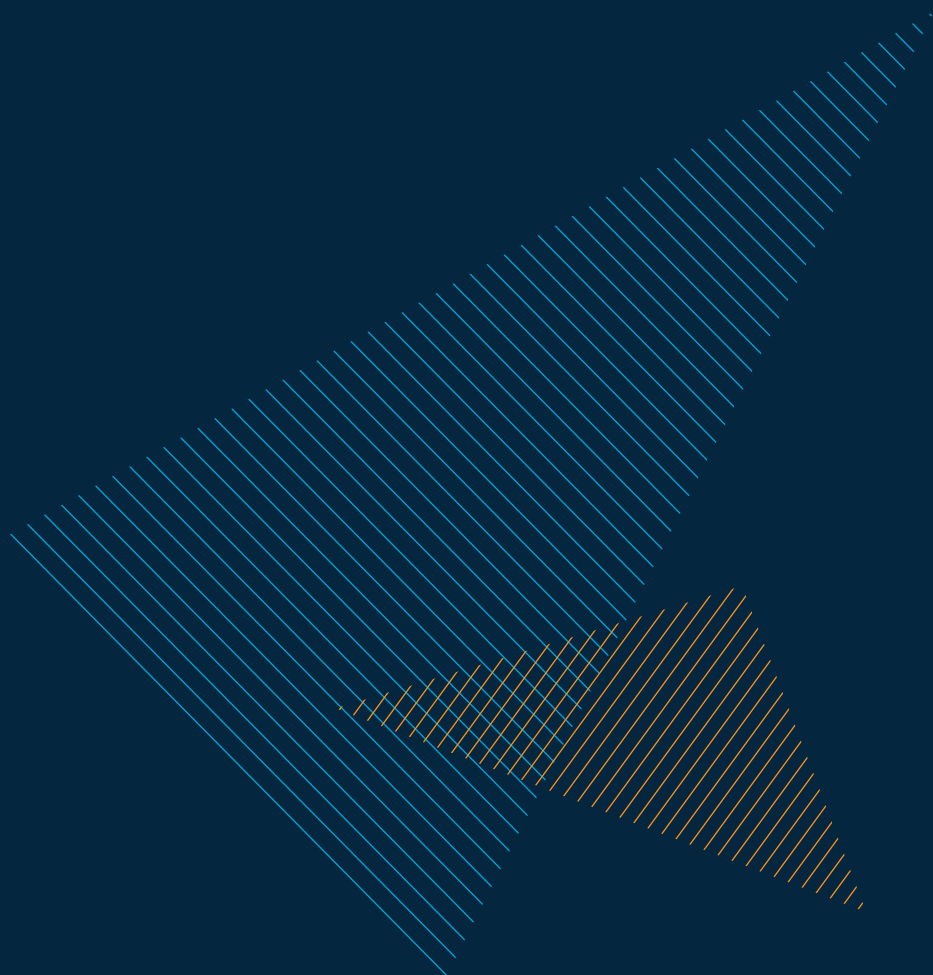
A handwritten signature in dark ink that appears to read "S M Thomas".

S M Thomas
Partner – Audit & Assurance

Sydney, 26 August 2022

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ACN-130 913 594

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Revenue from contracts with customers	2.2	85,293	80,521
Direct costs	2.3	(42,167)	(39,592)
Contribution Margin	2.1	43,126	40,929
Other income	2.1	3,573	3,530
Indirect salaries and employee benefits expense		(20,513)	(19,139)
Administrative expenses	2.3	(10,304)	(9,153)
Other operating expenses	2.3	(10,033)	(8,096)
Operating profit		5,849	8,071
Share of net profits of associates accounted for using equity method	6.2	3,516	2,498
Net finance costs		(1,069)	(1,006)
Profit before income tax expense		8,296	9,563
Income tax expense	2.4	(941)	(2,479)
Profit after income tax expense for the year		7,355	7,084
Other comprehensive income			
Other comprehensive income for the year, net of tax		17	(23)
Total comprehensive income for the year		7,372	7,061
Profit for the year is attributable to:			
Owners of CountPlus Limited		5,112	4,938
Non-controlling interest	6.3	2,243	2,146
		7,355	7,084
Total comprehensive income for the year is attributable to:			
Owners of CountPlus Limited		5,129	4,915
Non-controlling interest	6.3	2,243	2,146
		7,372	7,061
		Cents	Cents
Basic earnings per share	2.5	4.58	4.43
Diluted earnings per share	2.5	4.57	4.39

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	3.1	21,540	26,239
Trade and other receivables	3.2	24,601	19,514
Contract assets	3.3	16,064	12,926
Loans and advances	6.6	57	236
Indemnity asset	4.1	237,953	259,810
		300,215	318,725
Assets of disposal groups classified as held for sale		–	2,726
Total current assets		300,215	321,451
Non-current assets			
Trade and other receivables	3.2	381	490
Contract assets	3.3	35,830	21,839
Investments in associates	6.2	22,214	18,236
Property, plant and equipment	5.2	3,617	4,006
Right-of-use assets	5.3	12,047	13,103
Intangible assets	5.1	52,338	36,514
Deferred tax assets	2.4	1,886	1,024
Total non-current assets		128,313	95,212
Total assets		428,528	416,663
Liabilities			
Current liabilities			
Trade and other payables	3.4	18,161	14,201
Contract liabilities	3.3	13,628	10,332
Interest bearing loans and borrowings	7.4	911	2,610
Lease liabilities	5.3	3,589	3,439
Current tax liabilities	2.4	2,726	1,403
Provisions	3.5	7,195	6,797
Remediation provision	4.2	237,962	259,827
Other liabilities	3.6	1,455	1,116
Total current liabilities		285,627	299,725
Non-current liabilities			
Contract liabilities	3.3	34,075	20,668
Interest bearing loans and borrowings	7.4	8,890	1,718
Lease liabilities	5.3	9,849	10,994
Provisions	3.5	1,446	1,533
Other liabilities	3.6	177	203
Total non-current liabilities		54,437	35,116
Total liabilities		340,064	334,841
Net assets		88,464	81,822
Equity			
Contributed equity	7.1	123,153	123,153
Reserves	7.2	(47,896)	(47,767)
Retained earnings / (accumulated losses)		96	(4,217)
Equity attributable to the owners of CountPlus Limited		75,353	71,169
Non-controlling interest	6.3	13,111	10,653
Total equity		88,464	81,822

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital \$'000	Treasury Shares* \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained earnings/ (accumulated losses) \$'000	Total \$'000	Non-controlling interests (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2021	126,566	(3,413)	814	(48,548)	(33)	(4,217)	71,169	10,653	81,822
Profit after income tax expense for the year	–	–	–	–	–	5,112	5,112	2,243	7,355
Other comprehensive income for the year, net of tax	–	–	–	–	17	–	17	–	17
Total comprehensive income for the year	–	–	–	–	17	5,112	5,129	2,243	7,372
Transactions with owners in their capacity as owners									
Transactions with non-controlling interests (NCI)	–	–	–	–	–	2,025	2,025	2,237	4,262
Share-based payments for long-term incentives (LTI)	–	–	(146)	–	–	–	(146)	–	(146)
Recognition of deferred tax on equity transaction	–	–	–	–	–	524	524	–	524
Dividends paid	–	–	–	–	–	(3,348)	(3,348)	(2,022)	(5,370)
Balance at 30 June 2022	126,566	(3,413)	668	(48,548)	(16)	96	75,353	13,111	88,464

	Issued Capital \$'000	Treasury Shares* \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2020	126,566	(3,501)	645	(48,548)	(10)	(6,435)	68,717	9,395	78,112
Profit after income tax expense for the year	–	–	–	–	–	4,938	4,938	2,146	7,084
Other comprehensive income for the year, net of tax	–	–	–	–	(23)	–	(23)	–	(23)
Total comprehensive income for the year	–	–	–	–	(23)	4,938	4,915	2,146	7,061
Transactions with owners in their capacity as owners									
Transactions with non-controlling interests (NCI)	–	–	–	–	–	116	116	874	990
Share-based payments for long-term incentives (LTI)	–	–	187	–	–	–	187	–	187
Transfer of treasury shares	–	88	(41)	–	–	(47)	–	–	–
Reallocation of employee share reserve	–	–	23	–	–	–	23	–	23
Dividends paid	–	–	–	–	–	(2,789)	(2,789)	(1,762)	(4,551)
Balance at 30 June 2021	126,566	(3,413)	814	(48,548)	(33)	(4,217)	71,169	10,653	81,822

* The Company has formed a trust to administer a Loan Funded Share Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		151,463	146,365
Payments to suppliers and employees (inclusive of GST)		(139,420)	(134,268)
Government grants received		97	2,389
		12,140	14,486
Interest received		21	37
Interest and other finance costs paid		(1,096)	(1,062)
Income taxes paid		(2,765)	(3,865)
Net cash from operating activities	3.1	8,300	9,596
Cash flows from investing activities			
Purchase of shares under equity partnership		(1,304)	(220)
Proceeds from payment adjustment – associates		–	69
Purchase of business assets		(1,681)	(2,798)
Purchase of equipment and other non-current assets		(962)	(1,442)
Proceeds from sales under the equity partnership		1,487	979
Payments for acquisition of subsidiary, net of cash acquired		(9,374)	–
Payments for acquisition of associates		(2,261)	–
Proceeds from sale of business assets		3,152	449
Dividends / distributions received from associates		2,358	1,821
Payment for deferred consideration on acquisition of controlled entities and associates		(1,530)	(464)
Net cash used in investing activities		(10,115)	(1,606)
Cash flows from financing activities			
Proceeds from borrowings		10,620	963
Repayment of lease liability		(3,134)	(3,005)
Dividends paid		(3,348)	(2,789)
Repayment of borrowings		(5,000)	(1,000)
Payment of dividends by controlled subsidiaries to non-controlling interests	6.3	(2,022)	(1,762)
Net cash used in financing activities		(2,884)	(7,593)
Net (decrease) / increase in cash and cash equivalents		(4,699)	397
Cash and cash equivalents at the beginning of the financial year		26,239	25,842
Cash and cash equivalents at the end of the financial year	3.1	21,540	26,239

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of Preparation

1.1 General information

CountPlus Limited ('the Company') is a listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX'). The consolidated financial report for the year ended 30 June 2022 ('the financial report') comprises the parent and its controlled entities ('the Group'). CountPlus Limited is the ultimate parent entity in the Group.

The Group's core business is to collaborate with leading accounting and advice firms for the long-term success of the clients, people and shareholders by the way of shared values, mutual success and sense of community.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2022.

1.2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or within their respective note.

Impairment

At each reporting date, the Group reviews the recoverable amount of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. If such an indication exists, the recoverable amount of the asset, assessed as the higher of its fair value less costs to sell and its value in use, is compared to its current carrying amount. Any excess of the asset's carrying value over its recoverable amount is expensed in the Statement of Profit or Loss and Other Comprehensive Income.

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the Cash Generating Unit ('CGU') by determining the value in use of each individual CGU.

The following key assumptions are used in determining the value in use calculation for each CGU:

- ▶ Revenue growth – 3%;
- ▶ Employment expense ratio – 59% to 68%;
- ▶ Discount rates – 13% or 18% (post tax); and
- ▶ Long-term growth rate (terminal rate) – 2.5%.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

AASB 16 Leases

Lease term

Where lease arrangements contain options to extend the term or terminate the contract, the Group assesses whether it is 'reasonably certain' that the option to extend or terminate the contract will be made. Consideration is given to the prevalence of other contractual arrangements and or the economic circumstances relevant to the lease contract, that may indicate the likelihood of the option being exercised. Lease liabilities and Right of Use assets are measured using the reasonably certain contract term.

Lease discount rates

The discount rate applicable to a lease arrangement is determined at the inception of the contract or when certain modifications are made to the contract. The discount rate applied is the rate implicit in the arrangement, or if unknown, the Group's incremental borrowing rate. The incremental borrowing rate is determined with reference to the Group's borrowing portfolio at the inception of the arrangement or the time of the modification and the amount and nature of the lease arrangement. If the arrangement relates to a specialised asset, incremental project financing assumptions are considered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2 Financial Performance

2.1 Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Accounting which comprises the provision of accounting, audit and assurance, taxation, financial planning services and business and corporate advisory services.

Wealth which comprises of financial services provided by Australian Financial Services licence (AFSL) holders.

Services which comprises of services that support the activities of the accounting segment and wealth segment.

The CODM primarily uses the measure of EBITA and contribution margin (revenue less direct costs) to assess the performance of the operating segments.

As a result of the Services related acquisitions during the period (Wealth Axis and Accurium), the identifiable operating segments have revised. These acquired businesses have formed a new segment called Services which will include businesses that support the activities of our accounting and wealth segment. Separately, the previously reported Accounting and Financial planning operating segments have been merged into the 'Accounting' operating segment. The revised operating segments will form the key economic drivers of the future growth of the Group.

No segment assets and liabilities are disclosed because there is no measure of segment assets and liabilities regularly reported to the CODM.

The information reported to the CODM is on a monthly basis.

At 30 June 2022	Accounting \$'000	Wealth \$'000	Services \$'000	Total \$'000
Revenue	65,081	15,530	5,864	86,475
Intercompany revenue	(568)	(121)	(493)	(1,182)
Revenue from external parties	64,513	15,409	5,371	85,293
Segment contribution margin	29,458	10,096	3,572	43,126
Other income	2,485	1,088	–	3,573
Expenses	(21,781)	(7,968)	(2,246)	(31,995)
Share of net profit of associates earnings	3,516	–	–	3,516
Segment EBITA	13,678	3,216	1,326	18,220

At 30 June 2021	Accounting \$'000	Wealth \$'000	Services \$'000	Total \$'000
Revenue	65,063	15,938	–	81,001
Intercompany revenue	(180)	(300)	–	(480)
Revenue from external parties	64,883	15,638	–	80,521
Segment contribution margin	30,660	10,269	–	40,929
Other income	2,932	–	–	2,932
Expenses	(20,136)	(7,884)	–	(28,020)
Share of net profit of associates earnings	2,498	–	–	2,498
Segment EBITA	15,954	2,385	–	18,339

Reconciliation of segment EBITA to profit from operations before income tax

	2022 \$'000	2021 \$'000
Segment EBITA	18,220	18,339
Corporate office costs and other income	(6,701)	(6,393)
Amortisation expense	(2,154)	(1,377)
Net finance costs	(1,069)	(1,006)
Profit before income tax	8,296	9,563

The segment revenue described above represents revenue generated from external customers.

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Other income

	2022 \$'000	2021 \$'000
Cost reimbursements	1,088	–
Gain on deferred consideration	–	355
Gain on disposal of intangible asset	536	396
Net gain on disposal of assets of disposal groups classified as held for sale	1,103	–
Gain on lease variation	474	110
Other income	275	280
Government grants – COVID-19	97	2,389
	3,573	3,530

Significant accounting policy

Cost reimbursements

Cost reimbursements are recognised at the point in time when the costs are incurred and owed to the Company.

Net gain on disposal of assets of disposal groups classified as held for sale

A net gain on disposal of assets of disposal groups classified as held for sale is recognised when the consideration received for the sale of these assets is greater than the fair value of the assets of the disposal group.

Government grants

The Company received Jobseeker payments of \$97,000 from the Australian Government in support of businesses significantly affected by COVID-19. In the prior year, the Company received Jobkeeper payments of \$2,389,000.

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in other income in the Consolidated Statement of Profit or Loss and other Comprehensive Income on a systematic basis in which the expenses are recognised.

2.2 Revenue from contracts with customers

	2022 \$'000	2021 \$'000
From continuing operations		
Accounting services revenue	51,311	52,681
Financial planning revenue	12,034	11,379
Wealth revenue	8,154	8,725
Services revenue	5,371	–
Other operating revenue	8,423	7,736
Revenue from contracts with customers	85,293	80,521
	2022 \$'000	2021 \$'000
Timing of revenue recognition		
Transferred at a point in time	24,513	20,104
Transferred over time	60,780	60,417
	85,293	80,521

Accounting services revenue

Accounting services revenue includes fees generated by CountPlus firms from accounting services provided to clients.

Financial planning revenue

Financial planning revenue includes commissions and fees generated by CountPlus firms from financial planning services provided to clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Wealth revenue

Wealth revenue includes revenue generated from services performed by authorised representatives of Count Financial Limited ('Count Financial') (an AFSL holder) and product margin rebates that are paid by product providers to Count Financial, which are variable in nature. Total Financial Solutions Australia Pty Ltd (an AFSL holder in the prior year) generated wealth revenue in a similar manner in the prior year. Count Financial is considered to be acting as agent under the requirements of AASB 15 Revenue from Contracts with Customers ('AASB 15'). Fees, commissions and related costs are deducted from the gross number to obtain the reported net revenue figure as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Services revenue

Services revenue includes fees generated by CountPlus firms for the provision of actuarial certificates, paraplanning, administration and merged solution services to clients.

Significant accounting policy

Revenue recognition

To determine whether to recognise revenue, the Group follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when / as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the company's products and services, for accounting, financial planning, wealth and services. In all cases, the total fee charged for an engagement is allocated amongst the various performance obligations based on their relative stand-alone fees. The fee charged for an engagement excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

Performance obligations for accounting, financial planning, wealth and services revenue

The Group's contracts comprise performance obligations around completing client deliverables in line with engagement letter terms (based on the agreed billing method, standard of work and timeline). Under AASB 15, the Group must evaluate the separability of the promised services based on whether they are 'distinct'. A promised service is 'distinct' if both:

- ▶ the customer benefits from the item either on its own or together with other readily available resources; and
- ▶ it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

Accounting services revenue

Accounting services revenue is recognised over a period of time. Accounting revenue from the provision of accounting services is recognised on an accrual basis in the period in which the service is provided, based on time spent and performance obligations satisfied. Any amounts unbilled at the end of the reporting period are presented in the Statement of Financial Position as contract assets. Recognition is in accordance with the terms of the client services agreement or engagement letter, adjusted for any time that may not be recoverable with reference to the professional hours incurred. Client engagement letter gives an enforceable right to payment for performance completed to date, including a reasonable margin if the contract is terminated by the customer for reasons other than CountPlus' failure to perform as promised.

Financial planning revenue

Financial planning revenue is recognised at a point in time. Financial planning revenue from the provision of financial planning services, loan commission and leasing commission is recognised at a point in time in the period in which the service is provided.

Wealth revenue

Wealth revenue is measured at the fair value of the consideration received or receivable.

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

(i) Fee income – ongoing service fees

Service fees are received from end customers for ongoing advice services which are available to a client over a 12 months period. The performance obligation is to provide advice services to the customer throughout the period, as well as the continuous administration and maintenance of the end customers' portfolios. Income is recognised on an annual basis in accordance with rates specified in agreements with Corporate Authorised Representatives and product providers. These fees are recognised and charged over the length of the service.

(ii) Rebate income

Rebate income is an incentive bonus received from various product providers based on the achievement of new business written targets outlined in an agreement. The frequency of settlement varies by counterparty. Income is recognised in accordance with these agreements. These fees are recognised and charged when the related service is completed which is typically at the time of the transaction.

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(iii) Commission income

Commission income is received for the referral services which triggered a successful referral of a customer into a product where the customer has renewed the product for a second / subsequent year.

The net present value of future trail commissions is recognised at the start of a contract when the performance obligation has been met, typically when a customer is introduced to a new product.

For investment referral services, the Group is unable to forecast the trail commission revenue in line with the highly probable test in AASB 15. Therefore trail commission revenue on investment referral balances are recognised when received or paid.

(iv) Adviser fees

Adviser fees are received from financial advisers for financial advice licensee services which are provided on an ongoing basis. The performance obligation is to provide advisers with an authority to trade, to provide training services and financial advice support. Income is recognised over time in accordance with rates specified in agreements with advisers.

Services revenue

Services revenue consists mainly from the provision of s390 and death benefit actuarial certificates to clients. This revenue is recognised at a point in time when the certificates are issued to the client and the performance obligation is met. The remainder of services revenue mostly consists of administration and merged solution services, which are recognised over time, in the period in which the service is provided and paraplanning which is recognised at a point in time.

Other revenue

Other revenue includes fees received where the Company acts in the capacity of an agent rather than principal through the facilitation of software licences and IT equipment.

Interest revenue is recognised when there is control of the right to receive the interest payment.

Dividends received from associates are accounted for in accordance with the equity method of accounting. Other revenue is recognised when the right to receive payment is established.

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

2.3 Expenses

Direct Costs

	2022 \$'000	2021 \$'000
Direct salaries and employee benefits expense	36,854	34,223
Other direct costs	5,313	5,369
	42,167	39,592

Administrative and other operating expenses

	2022 \$'000	2021 \$'000
Acquisition related expenses	460	334
Audit Fees	373	437
Legal Fees	413	381
Accounting and other professional fees	689	698
Sales and marketing expenses	1,035	1,108
Insurance expenses	1,429	1,136
Technology expenses	4,767	3,645
Premises expenses	1,603	1,748
Office administrative expenses	595	690
Share based payment (income) / expenses	(146)	187
Depreciation expenses	4,303	4,133
Amortisation expenses	2,154	1,377
Net loss on disposal of property, plant and equipment	242	26
Impairment of receivables / (reversal) of Impairment	276	(422)
Loss on deferred consideration payment	114	–
Other expenses	2,030	1,771
	20,337	17,249

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FOR THE YEAR ENDED 30 JUNE 2022

2.4 Taxation

Income tax expense

	2022 \$'000	2021 \$'000
Income tax expense		
Current tax	3,705	3,530
Deferred tax – origination and reversal of temporary differences	(2,738)	(1,061)
Over provision	(26)	10
Aggregate income tax expense	941	2,479
Income tax expense is attributable to:		
Profit from continuing operations	941	2,479
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(3,267)	(18,251)
Increase in deferred tax liabilities	529	17,190
Deferred tax – origination and reversal of temporary differences	(2,738)	(1,061)

	2022 \$'000	2021 \$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax	8,296	9,563
Tax at the statutory tax rate of 30%	2,489	2,869

	2022 \$'000	2021 \$'000
Tax at statutory tax rate of 30%	2,489	2,869
Share of equity accounted investments	(990)	(709)
Non-deductible expenses	60	199
Non-taxable accounting gains	(303)	(119)
Initial recognition of deferred tax asset on losses	(354)	–
Loss / (gain) on deferred considerations	43	(110)
Taxable capital gain on sale of shares	–	271
Taxable capital gain on disposal of fees	26	80
Non-taxable income	(36)	(37)
Non-deductible depreciation and amortisation	15	17
Benefit on trail commission	–	(8)
Taxable capital gain on exit of tax consolidated group	–	7
Other items	17	9
	967	2,469
Over provision in prior years	(26)	10
Income tax expense	941	2,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Deferred tax assets

	2022 \$'000	2021 \$'000
The balance comprises temporary differences attributable to:		
Employee liabilities (annual leave and long service leave)	2,276	2,158
Allowance for expected credit losses – trade receivables	143	100
Professional fees	9	12
Make good	36	51
Accruals	527	434
Contract liability – accrued trail commission expense	13,700	8,902
Tax losses	3,899	888
Right of Use Assets	662	608
Depreciation	111	124
Remediation Provision	73,775	77,958
Other	193	151
Total deferred tax assets	95,331	91,386
Set-off of deferred tax liabilities pursuant to set-off provisions	(93,445)	(90,362)
Net deferred tax assets	1,886	1,024

Movements in deferred tax assets

	2022 \$'000	2021 \$'000
Opening balance	91,386	72,937
Charged to income tax expense	3,267	18,251
Deferred tax balances on acquisition of subsidiary	154	14
Charged directly to equity	524	–
Increase in tax losses	–	191
Under provision in prior year	–	(7)
Net deferred tax assets	95,331	91,386

Deferred tax liabilities

	2022 \$'000	2021 \$'000
The balance comprises temporary differences attributable to:		
Work in progress	1,106	1,025
Prepaid expenses	16	8
Fair valued intangible assets	3,970	1,970
Accrued income	1	2
Contract asset – accrued trail commission income	14,409	9,405
Indemnity asset	73,759	77,941
Other	184	11
Total deferred tax liabilities	93,445	90,362
Set-off of deferred tax assets pursuant to set-off provisions	(93,445)	(90,362)
Net deferred tax liabilities	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Movement in deferred tax liabilities

	Fair Valued intangible assets \$'000	Other \$'000	Total \$'000
At 1 July 2020	2,241	70,911	73,152
Net deferred tax balance on acquisition of subsidiaries*	21	–	21
Charged to the income tax expense	(292)	17,482	17,190
Other adjustments	–	(1)	(1)
At 30 June 2021	1,970	88,392	90,362
At 1 July 2021	1,970	88,392	90,362
Net deferred tax balance on acquisition of subsidiaries*	2,513	41	2,554
Charged to the income tax expense	(512)	1,041	529
At 30 June 2022	3,971	89,474	93,445

* Includes business assets acquired by member firms.

AASB Interpretation 23 Uncertainty over Income Tax Treatments (Interpretation 23)

Interpretation 23 clarifies the application of the recognition and measurement criteria in AASB 12 Income taxes where there is uncertainty over income tax treatments. It requires an assessment of each uncertain tax position to determine whether it is probable that a taxation authority will accept the position. Where it is not considered probable, the effect of the uncertainty will be reflected in determining the relevant taxable profit or loss, tax bases, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty.

Significant accounting policy

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- ▶ when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- ▶ when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation legislation

The parent and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly owned. They would exit the tax consolidation group once they are less than 100% owned. The parent and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

Members of the CountPlus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the parent based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Current tax assets and liabilities

	2022 \$'000	2021 \$'000
Current tax payable	2,726	1,403

Significant accounting judgements, estimates and assumptions

Income taxes

The Group is subject to taxes in Australia. The application of tax law to the specific circumstances and transactions of the consolidated entity requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Recognition of deferred tax assets on capital losses

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

CountPlus has recognised a deferred tax asset on tax capital losses. CountPlus plans to continue with the successful equity partnership model which is expected to result in transactions with firms in the Accounting segment over the next two to three years. A consequence of these transactions is likely to create taxable capital gains. The envisaged structure of most of the transactions, being share sale transactions, are subject to pre-defined financial hurdles being met by firms. Both the structure of the transactions and the potential increase in value in the firms are likely to give rise to taxable capital gains which the Group has concluded will result in the deferred tax assets being utilised in the foreseeable future.

2.5 Earnings per share

	2022 \$'000	2021 \$'000
Earnings per share for profit		
Profit after income tax	7,355	7,084
Non-controlling interest	(2,243)	(2,146)
Profit after income tax attributable to the owners of CountPlus Limited	5,112	4,938
Profit after income tax attributable to the owners of CountPlus Limited used in calculating diluted earnings per share	5,112	4,938

	2022 Number	2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	111,610,249	111,583,310
Adjustments for calculation of diluted earnings per share		
Long-term incentive performance rights	308,346	776,671
Weighted average number of ordinary shares used in calculating diluted earnings per share	111,918,595	112,359,981

	2022 Cents	2021 Cents
Basic earnings per share	4.58	4.43
Diluted earnings per share	4.57	4.39

Significant accounting policy

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- ▶ 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.6 Dividends

Dividends paid during the financial year were as follows:

	2022 \$'000	2021 \$'000
Dividends paid during the year		
1.5 cent per share dividend paid in respect of the six months to 30 June 2021	1,674	–
1.5 cent per share dividend paid in respect of the six months to 31 December 2021	1,674	–
1.25 cent per share dividend paid in respect of the six months to 30 June 2020	–	1,395
1.25 cent per share dividend paid in respect of the six months to 31 December 2020	–	1,394
Total dividends paid during the year	3,348	2,789

Franking credits

	2022 \$'000	2021 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	9,160	7,893

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- ▶ franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- ▶ franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- ▶ franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

3 Working Capital

3.1 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Current assets		
Cash at bank	21,540	26,239
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balance as per statement of cash flows	21,540	26,239

Risk exposure

The Group's exposure to interest rate risk is discussed in note 7.5. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

Significant accounting policy

Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2022 \$'000	2021 \$'000
Profit after income tax expense for the year	7,355	7,084
Depreciation and amortisation	6,457	5,510
Share-based payments	(146)	187
Impairment of receivables / (reversal) of impairment	276	(422)
Loss / (gain) on deferred consideration	114	(355)
(Gain) on lease variation	(474)	(108)
(Gain) on disposal of non-current assets	(1,103)	(396)
Deferred tax on equity transaction adjustment	524	–
Insurance trail commission accounting adjustment	(491)	552
(Gain) / loss on disposal of non-current assets	(286)	26
Share of associate net profit	(3,516)	(2,498)
Employee entitlements	1,810	1,229
Make good provision discount unwind	–	(3)
Accrued Interest income	(6)	(16)
(Increase) / decrease in trade and other receivables	(1,934)	790
(Decrease) in contract liabilities	(1,195)	(1,113)
Increase in trade and other payables	4,030	1,023
(Increase) in income tax refund due	(1,323)	(125)
(Decrease) in deferred tax liabilities	(862)	(1,261)
(Decrease) in employee benefits	(930)	(508)
Net cash from operating activities	8,300	9,596

3.2 Trade and other receivables

	2022 \$'000	2021 \$'000
Current assets		
Trade receivables	9,652	8,992
Less: Allowance for expected credit losses	(404)	(247)
	9,248	8,745
Other receivables	1,432	789
Prepayments	3,554	3,065
Count Financial Limited adviser revenue receivable	8,662	6,915
Deferred cash consideration receivable	1,705	–
Total current assets	24,601	19,514
	2022 \$'000	2021 \$'000
Other receivables	299	490
Deferred cash consideration receivable	82	–
Total non-current assets	381	490

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Ageing analysis of trade receivables

As at 30 June, the ageing analysis of receivables is as follows and represents both current and overdue but not impaired receivables:

	2022		2021	
	Trade receivables \$'000	Allowance for expected credit losses \$'000	Trade receivables \$'000	Allowance for expected credit losses \$'000
Current	7,370	(28)	6,248	(15)
0 to 3 months	895	(14)	1,114	(2)
3 to 6 months	681	(136)	996	(85)
Over 6 months	706	(226)	634	(145)
	9,652	(404)	8,992	(247)

Trade receivables are non-interest bearing and are generally on 30-day terms. Allowance for expected losses is based on the lifetime expected credit loss and Group policies, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These amounts have been included on the face of the Statement of Profit or Loss and Other Comprehensive Income.

Movements in the allowance for expected credit losses are as follows:

	2022 \$'000	2021 \$'000
Opening balance	(247)	(558)
(Additional) / reduction provisions recognised	(276)	422
Receivables written off / (recovered) during the year as uncollectable	119	(111)
	(404)	(247)

The creation and release of the allowance for expected credit losses has been included in expense in note 2.3. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 7.5 for more information on the risk management policy of the Group.

Significant accounting policy

Trade receivables

Trade receivables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method, less allowance for expected losses.

Recoverability of trade receivables is reviewed on an ongoing basis. Trade receivable balances which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for expected losses on trade receivables is raised by applying a rate based on historic collection rates for overdue balances, which are reassessed each year, and adjusted specific debtors where management is aware of specific conditions which affect the likely recovery of outstanding balances. The loss allowance is the amount equal to the expected lifetime credit losses.

Significant accounting judgements, estimates and assumptions

Allowance for expected losses of receivables

The allowance for expected losses of receivables assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. Outstanding debts that are deemed to be uncollectable are written off when identified. Historical experience, information of the Group's client base and available forward-looking information are considered when determining the allowance for expected credit losses. The allowance for expected credit loss of receivables includes assumptions about risk of default and expected loss rates; management judgment is applied in determining these rates. The allowance for expected credit loss of receivables includes assumptions about risk of default and expected loss rates; management judgment is applied in determining these rates.

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3.3 Contract assets and liabilities

Contract Assets

	2022 \$'000	2021 \$'000
Current assets		
Contract assets	4,068	3,625
Allowance for expected credit losses of contract assets	(204)	(209)
Ongoing insurance trail commission receivable	12,217	9,630
Loss allowance on trail commission receivable	(17)	(120)
	16,064	12,926
Non-current assets		
	2022 \$'000	2021 \$'000
Ongoing insurance trail commission receivable	35,852	22,096
Loss allowance on trail commission receivable	(22)	(257)
	35,830	21,839

Contract assets

Contract assets represents costs incurred and profit recognised on client assignments and services that are in progress and have not yet been invoiced at reporting date. Contract assets are valued at net realisable value after providing for any expected credit losses. Contract assets are recognised in the Statement of Financial Position and the movement recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Ongoing insurance trail commission receivable

Contract assets have been raised to reflect the recognition of ongoing insurance trail commissions receivable across various commission arrangements. This reflects the upfront recognition of ongoing insurance commission income when a performance obligation has been met, e.g. a new customer is introduced to a product.

The amount of ongoing insurance trail commission revenue and the associated expenses paid to aligned advisers is dependent on assumptions about the term of the underlying insurance policies generating the commission. The Group has recognised the net present value of expected future risk insurance trail commission income. Included in the recognition of the income are assumptions around the remaining life of the product and the likely run off of products over time. Ongoing insurance trail commission income, present valued, is only recognised to the extent that it is highly probable and on the basis that it is not expected to reverse in future periods.

Ageing of contract assets

As at 30 June, the ageing of the contract assets is as follows:

	2022		2021	
	Contract assets \$'000	Expected credit loss \$'000	Contract asset \$'000	Expected credit loss \$'000
Current	1,516	(13)	1,379	–
0 to 3 months	1,015	(51)	901	(19)
3 to 6 months	822	(56)	595	(38)
over 6 months	715	(84)	750	(152)
	4,068	(204)	3,625	(209)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Movement in allowance of credit losses

	2022 \$'000	2021 \$'000
At 1 July	(209)	(387)
Unused amounts reversed	5	178
	(204)	(209)

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 7.5 for more information on the risk management policy of the Group.

	2022 \$'000	2021 \$'000
Balance at 1 July	31,726	37,249
Amount recognised in revenue from contracts with customers	29,915	6,537
Receipt of ongoing insurance trail commission	(13,611)	(12,060)
Balance at 30 June	48,030	31,726

Contract Liabilities

	2022 \$'000	2021 \$'000
Current liabilities		
Unearned revenue	2,038	1,328
Ongoing insurance trail commission	11,590	9,004
	13,628	10,332

	2022 \$'000	2021 \$'000
Non-current liabilities		
Ongoing insurance trail commission	34,075	20,668

Unearned revenue

Unearned revenue represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the Group has transferred the goods or services to the customer.

Ongoing insurance trail commission

Contract liabilities have been raised to reflect the recognition of ongoing insurance commissions payable across various commission arrangements. This reflects the recognition of certain future trail commission expenses when a performance obligation has been met, e.g. a new customer is introduced to a product. The expense and contract liability is calculated based upon the estimated payout to aligned advisers.

	2022 \$'000	2021 \$'000
Ongoing insurance commission liability acquired	29,672	34,642
Amount recognised in revenue from contracts with customers	29,150	6,543
Payment of ongoing insurance trail commission	(13,157)	(11,513)
Balance at 30 June	45,665	29,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
Movement in unearned revenue		
Opening balance	1,328	2,441
Payments received in advance	4,343	2,041
Transfer to revenue – included in the opening balance	(1,198)	(2,333)
Transfer to revenue – other balances	(2,435)	(821)
Closing balance	2,038	1,328

Significant accounting judgements, estimates and assumptions

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. Contract assets where amounts are in excess of net recoverable value are written off when identified. Historical experience, information of the Group's client base and available forward-looking information are considered when determining the allowance for expected credit losses. The allowance for expected credit loss of receivables includes assumptions about risk of default and expected loss rates; management judgment is applied in determining these rates.

Ongoing insurance trail commission

The key assumptions underlying the ongoing insurance trail commission assets and liability are the remaining life of the insurance products, the likely run off of products over time and the adviser payout ratio.

It has been estimated that the insurance policies have a remaining life of five years and that 10% (2021: 20%) of policies are cancelled at the end of each year. These assumptions are subject to change depending on the actual experience of the insurance arrangements over time.

In respect of the adviser payout ratio, it has been estimated that 95% (2021: 93.5%) of ongoing insurance trail commission is paid to aligned advisers. This is subject to change if Count Financial's adviser pricing changes or if the average payout ratio changes across the portfolio; this may occur given the tiered pricing model applicable to aligned advisers.

3.4 Trade and other payables

	2022 \$'000	2021 \$'000
Current liabilities		
Trade payables	1,216	1,291
Other payables	229	67
Adviser payments	10,473	8,111
GST payable	1,651	1,420
Sundry payables and accrued expenses	4,592	3,312
	18,161	14,201

Refer to note 7.5 for further information on financial instruments risk.

3.5 Provisions

Provisions

	2022 \$'000	2021 \$'000
Current liabilities		
Employee benefits – annual leave	3,299	3,323
Employee benefits – long service leave	3,289	2,895
Sick leave	38	38
Bonus provision	569	518
Other	–	23
	7,195	6,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
Non-current liabilities		
Employee benefits – long service leave	1,000	966
Lease make good	431	567
Other	15	–
	1,446	1,533

Significant accounting judgements, estimates and assumptions

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required, and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Further disclosures relating to Key Management Personnel are set out in the remuneration report which starts on page 22 of the Directors' Report.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled 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. All short-term employee benefit obligations are presented as payables and as provisions.

Long-term obligations

The liability for long service leave not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and 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. Remeasurements as a result of experience, adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The obligations are presented as current liabilities in the Statement of Financial Position 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.

3.6 Other liabilities

	2022 \$'000	2021 \$'000
Current liabilities		
Deferred cash consideration	1,337	1,063
Other current liabilities	118	53
	1,455	1,116

	2022 \$'000	2021 \$'000
Non-current liabilities		
Deferred cash consideration	177	203
	177	203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Movements in deferred consideration and other liabilities

	\$'000
Current	
At 1 July 2021	1,116
Arising during the year	1,243
Payments made during the year	(993)
Net loss on deferred consideration	(114)
Transfer from non-current deferred consideration	203
Total current	1,455
	\$'000
Non-current	
At 1 July 2021	203
Arising during the year	177
Transfer to current deferred consideration	(203)
Total non-current	177
Total	1,632

Significant accounting judgements, estimates and assumptions

Deferred consideration

Some acquisitions involve the payment of deferred consideration to vendors. This consideration is determined based on a multiple of actual earnings over a fixed period and is dependent on revenue or client retention. Consideration payable to the vendors in relation to acquisitions is recognised at fair value based on expected financial performance over the applicable future financial years. The fair value is reassessed at each reporting period or when there has been a substantial change to expected performance in future financial years. Subsequent changes in the fair value of the contingent consideration is recognised in the Statement of Profit or Loss and Other Comprehensive Income. The component of deferred consideration not expected to be settled within 12 months after the end of the reporting period is measured as the present value of expected future payments to be made in respect of this deferred consideration, using a risk adjusted discount rate.

4 Indemnity asset and remediation provision

4.1 Indemnity asset

	2022 \$'000	2021 \$'000
Current assets		
Indemnity Asset	237,953	259,810

Indemnity asset

Included in the Statement of Financial Position of Count Financial is a provision for remediation amounting to \$237,953,000. A corresponding indemnity asset has been recognised which represents an amount receivable pursuant to an indemnity deed granted by the Commonwealth Bank of Australia ('CBA'). The provision is for ongoing service fees charged to clients where no service was provided and for other advice issues. The provision relates to the acquisition of Count Financial by CountPlus in 2019.

The indemnity provided by CBA relates directly to the remediation provision and is reduced as clients are remediated. The indemnity at 30 June 2022 was \$300,000,000. The remaining indemnity available to cover remediation payments at 30 June 2022 is \$260,063,000 (2021: \$295,038,000). The indemnity is subject to renegotiation if some of the underlying assumptions behind the provision are reassessed.

Recoveries of remediation amounts are expected to be assessable for tax purposes. Note that remediation payments are expected to be deductible for tax purposes.

4.2 Remediation provision

	2022 \$'000	2021 \$'000
Current liabilities		
Remediation provision – ongoing service fees – Count Financial	237,209	258,082
Remediation provision – other advice issues – Count Financial	744	1,728
Remediation provision – Total Financial Solutions Australia	9	17
	237,962	259,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Remediation provision – Count Financial

The Count Financial remediation provision represents the estimated cost of remediation of current and former clients in respect of advice issues, including ongoing service fees charged where no service was provided. The advice issues occurred prior to the acquisition of Count Financial by CountPlus on 1 October 2019. The provision includes the following elements:

	2022 \$'000	2021 \$'000
Ongoing service fees – cost of remediation of clients	122,075	129,040
Ongoing service fees – interest on amounts payable to clients	115,134	129,042
Other advice issues	744	1,728
	237,953	259,810

The following key assumptions have been reflected in the remediation provision:

	2022	2021
Value of ongoing service fees charged	\$454,751,000	\$451,575,000
Number of years in which issues occurred	11 years	11 years
Refund rate (excluding straight to pay)	24%	24%
Interest calculation methodology	RBA cash rate plus 6% compounded monthly	RBA cash rate plus 6% compounded monthly
Value below which refunds will be made without investigation	\$3,000 (excluding interest)	\$2,000 (excluding interest)

A change in each of the key assumptions above may impact the value of the remediation provision. We set out below an estimate of the impact of a change in two of the key assumption on the value of the provision. Note that the impact of the movements in the assumptions (as set out below) are independent of each other.

Key assumption	Movement	Impact on provision \$'000
Value of ongoing service fees charged	+\$10,000,000	6,060
	-\$10,000,000	(6,060)
Refund rate	+1%	8,109
	-1%	(8,109)

Remediation settlements will not be known until individual cases have been reviewed and compensation offers accepted. Differences in amounts paid to the amount of provision recorded at 30 June 2022 will be recorded as profit or loss in future periods.

Remediation payments are expected to be deductible for tax purposes. If a remediation settlement is tax deductible, CountPlus will receive the net amount from the CBA. Similarly, if the reimbursement is deemed to be assessable, the CBA will remit the grossed up amount to CountPlus.

Other advice issues

'Other advice issues' presented above relate to additional items covered under the CBA indemnity deed including remediation due to specifically identified clients, deceased estates, clients of specific financial advisers and in respect of litigation matters. While these items formed part of the indemnity provided by CBA to Count Financial at 30 June 2020, they were unable to be estimated at that date. Since 1 July 2020, resolution of these items has been prioritised, and at 30 June 2022, future expected payments are able to be estimated.

	\$'000
Provision at 1 July 2021	
Additional provisions	259,810
Additional provisions	13,118
Amounts utilised during the year	(34,975)
Provision at 30 June 2022	237,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Significant accounting judgements, estimates and assumptions

The key accounting judgements and estimates used in calculating the remediation provision include the value of ongoing service fees charged, the number of years in which issues have occurred, the refund rate, the interest calculation methodology, the length of time taken to make the refund and the value below which fee refunds will be made without investigation. The key assumptions reflected in the remediation provision are subject to a high degree of uncertainty. The key assumptions will become clearer over time as the remediation program obtains greater insight into the actual quantum of the issues identified.

The value of ongoing service fees charged has been estimated using Count Financial's books and records and the books and records of third-party product providers where relevant; the population of impacted customers is subject to some uncertainty and is yet to be finalised.

The refund rate has been estimated by reference to testing conducted on a small sample of client cases. The refund rate is subject to change as actual refund rate data (incurred by Count Financial) becomes available.

The interest calculation methodology that has been applied is based on a rate equivalent to the RBA cash rate plus 6% compounded monthly. This methodology is subject to change.

Some customers may be remediated without investigation where the combined value of the refund and the interest is below a certain amount, however this is dependent on the availability of underlying customer records. This is subject to change.

5 Capital Investments

5.1 Intangibles

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000	Acquired client relationship / Adviser networks \$'000	IT software \$'000	Brand \$'000	Other intangible assets \$'000	Total \$'000
Balance at 1 July 2020	28,437	6,287	186	1,448	383	36,741
Additions	–	–	457	–	9	466
Additions through business combinations	728	2,854	12	–	–	3,594
Classified as held for sale	(1,826)	(937)	–	–	–	(2,763)
Disposals	–	(120)	(27)	–	–	(147)
Amortisation expense	–	(1,164)	(110)	(60)	(43)	(1,377)
Balance at 30 June 2021	27,339	6,920	518	1,388	349	36,514
Additions	8,829	–	74	–	–	8,903
Additions through business combinations	–	7,518	1,058	792	697	10,065
Disposals	–	(986)	(4)	–	–	(990)
Amortisation expense	–	(1,574)	(302)	(80)	(198)	(2,154)
Balance at 30 June 2022	36,168	11,878	1,344	2,100	848	52,338

	Goodwill \$'000	Acquired client relationship / Adviser networks \$'000	IT software \$'000	Brand \$'000	Other intangible assets \$'000	Total \$'000
At 30 June 2021						
Cost	37,329	29,833	1,163	1,493	512	70,330
Accumulated amortisation and impairment	(9,990)	(22,913)	(645)	(105)	(163)	(33,816)
Net book value	27,339	6,920	518	1,388	349	36,514
At 30 June 2022						
Cost	46,158	34,571	2,108	2,285	1,077	86,199
Accumulated amortisation and impairment	(9,990)	(22,693)	(764)	(185)	(229)	(33,861)
Net book value	36,168	11,878	1,344	2,100	848	52,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to and is tested at the level of the respective CGUs, for impairment testing. A CGU is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. The concept is used by the International Financial Reporting Standards in the determination of asset impairment.

For the purpose of impairment testing, fifteen of the eighteen member firms listed in note 6.4, are considered as separate CGUs, operating largely independently from other businesses in the Group. All subsidiaries are separately identified in note 6.4.

The Group utilises a value in use calculation using cash flow projections from financial budgets approved by the Board covering a five-year period to assess the recoverable amount of the CGUs.

For the purpose of annual impairment testing, goodwill is allocated to the following CGU:

	2022 \$'000	2021 \$'000
Significant cash generating units		
CountPlus One Pty Ltd	4,759	4,759
MBA Group Partnership Pty Ltd	5,639	5,639
Kidmans Partners Holdings Pty Ltd	4,245	4,245
Unite Advisory Pty Ltd	4,653	3,502
4Front Holdings Pty Ltd / Cooper Reeves	2,879	–
Crosby Dalwood Pty Ltd	1,782	1,782
Mogg Accounting + Advisory Pty Ltd	2,229	2,229
Accurium Holdings Pty Ltd	3,783	–
Remaining cash-generating units	6,199	5,183
	36,168	27,339

Impairment of goodwill

At 30 June 2022 management performed impairment testing for each CGU of CountPlus. No impairment losses were identified at 30 June 2022.

Key assumptions used for value in use calculations

Key assumptions for this value in use calculation at 30 June 2022 were:

- ▶ Revenue growth of 3%;
- ▶ Employment expense ratio of 59% – 68%; and
- ▶ The long-term growth rate (terminal rate) was estimated to be 2.5% p.a.

Revenue growth is based on the Board approved member firm budget for the next financial year as well as management assessment over the forecast period. Budget revenue for 2022 is based on management expectations and the average annual revenue growth thereafter is assumed to be maintained at 3% p.a. over the remaining forecast period for all CGUs.

Employment expense ratios are based on the Board approved member firm budget for the next financial year and management assessment over the forecast period. Employment expense ratio shows the employment cost as a percentage of net revenue. This is assumed to be maintained between 59% and 68% over the forecast period.

Discount rates represent the current market assessment of the risks specific to the Group, considering the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects management's estimation of the time value of money and specific risk estimated for the Group. The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Management utilised a pre-tax discount rate of 18.57% (13% post tax) (2021: 18.57% (13% post tax)) for all CGU's with the exception of Accurium where a pre tax discount rate of 25.7% (18% post tax) was used.

It is assumed for the purpose of the analysis that the long-term growth rate (terminal rate) will equate to the long-term average growth rate of the national economy. Management estimate this to be 2.5% p.a. which is in line with the long-term expected Australian inflation rate. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations of the individual CGUs.

Sensitivity to changes in assumptions

Sensitivity has been tested for the following three CGUs based on management assessment that the assumptions in the value in use calculation for these CGUs were most sensitive to change.

For Kidmans Partners: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$2,577,000 or 34%.

Reasonably possible changes in assumptions may result in impairment as set out below:

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, an impairment of \$338,000 would result.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 18.57% to 25.00%, an impairment of \$130,000 would result.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 53% to 58% over the forecast period, an impairment of \$106,000 would result.
- ▶ If the long-term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying amount by \$1,726,000.

For Wealth Axis Holdings Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$2,233,000 or 197%.

Reasonably possible changes in assumptions may result in impairment as set out below:

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying amount by \$940,000.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 18.57% to 25.00%, the recoverable amount would exceed the carrying amount by \$1,259,000.
- ▶ If the company's employment cost margin (its single largest expense item) was moved to 65% over the forecast period, an impairment of \$265,000 would result.
- ▶ If the long-term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying amount by \$1,919,000.

Unite Advisory Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$2,690,000 or 45%.

Reasonably possible changes in assumptions may result in impairment as set out below:

- ▶ Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying amount by \$416,000.
- ▶ Other things being equal, if the pre-tax discount rate is increased from 18.57% to 20.00%, the recoverable amount would exceed the carrying amount by \$369,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 56% to 61% over the forecast period, the recoverable amount would exceed the carrying amount by \$180,000.
- ▶ If the long-term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying amount by \$1,953,000.

The factors that are considered in determining the useful life of an intangible asset are:

- ▶ the expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team;
- ▶ typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way;
- ▶ technical, technological, commercial or other types of obsolescence;
- ▶ the stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset;
- ▶ expected actions by competitors or potential competitors;
- ▶ the level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level;
- ▶ the period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases; and
- ▶ whether the useful life of the asset is dependent on the useful life of other assets of the entity.

Significant accounting judgements, estimates and assumptions

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of non-financial assets

At each reporting date, the Group reviews the recoverable amount of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

IT software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses 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.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3–5 years.

Acquired client relationships and adviser networks

Acquired client relationships and adviser networks are intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the clients and customers with long-term relationships with the business being acquired. The useful life of these assets are 10–15 years and they are amortised and expensed using the straight-line method.

Brands

Brands are intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the value of the brand being acquired. They are amortised over 10–25 years and they are amortised and expensed using the straight-line method.

Other intangible assets

Other intangible assets acquired are recognised at cost at acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised over the useful economic life and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those assets. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure the amortisation expense reflects the performance of the intangible asset.

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FOR THE YEAR ENDED 30 JUNE 2022

5.2 Property, plant and equipment

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office equipment \$'000	Furniture, fixtures and fittings \$'000	Leasehold improvements \$'000	Other property, plant and equipment \$'000	Motor vehicle \$'000	Total \$'000
Balance at 1 July 2020	1,148	768	2,066	51	45	4,078
Additions	455	106	406	1	–	968
Additions through business combinations	52	48	–	–	–	100
Disposals	(12)	(21)	–	(4)	–	(37)
Transfers in / (out)	(15)	(20)	–	10	–	(25)
Depreciation expense	(433)	(195)	(407)	(33)	(10)	(1,078)
Balance at 30 June 2021	1,195	686	2,065	25	35	4,006
Additions	553	142	193	–	–	888
Additions through business combinations	68	15	36	–	–	119
Disposals	(67)	(6)	(285)	(7)	–	(365)
Depreciation expense	(458)	(166)	(393)	(6)	(8)	(1,031)
Balance at 30 June 2022	1,291	671	1,616	12	27	3,617

	Office equipment \$'000	Furniture, fixtures and fittings \$'000	Leasehold improvements \$'000	Other property, plant and equipment \$'000	Motor vehicle \$'000	Total \$'000
At 30 June 2021						
Cost	3,962	2,871	3,420	387	69	10,709
Accumulated depreciation	(2,767)	(2,185)	(1,355)	(362)	(34)	(6,703)
Net book value	1,195	686	2,065	25	35	4,006
At 30 June 2022						
Cost	4,141	2,239	2,925	286	69	9,660
Accumulated depreciation	(2,850)	(1,568)	(1,309)	(274)	(42)	(6,043)
Net book value	1,291	671	1,616	12	27	3,617

Significant accounting policy

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- ▶ Office equipment 4% – 20%
- ▶ Furniture, fixtures and fittings 8% – 37%
- ▶ Leasehold improvements over the estimated life of the asset or shorter of the lease term
- ▶ Make good over the estimated life of the lease
- ▶ Motor vehicle 20% – 25%

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

5.3 Leases

Right-of-use assets

The Group as a lessee

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key criteria, which include:

- ▶ the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- ▶ the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- ▶ the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the Statement of Financial Position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

	2022 \$'000	2021 \$'000
Non-current assets		
Premises – right-of-use	26,512	24,345
Less: Accumulated depreciation	(14,645)	(11,516)
Total	11,867	12,829
Office equipment – right-of-use	770	709
Less: Accumulated depreciation	(592)	(441)
Total	178	268
Others – right-of-use	15	15
Less: Accumulated depreciation	(13)	(9)
Total	2	6
Balance at 30 June	12,047	13,103

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Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Right-of-use assets \$'000
Balance at 1 July 2020	13,950
Additions	2,208
Depreciation expense	(3,055)
Balance at 30 June 2021	13,103
Additions	2,240
Depreciation expense	(3,272)
Balance at 30 June 2022	12,047

Lease liabilities

Lease liabilities are presented in the Statement of Financial Position as follows:

	2022 \$'000	2021 \$'000
Current liabilities		
Lease liabilities	3,589	3,439
Non-current liabilities		
Lease liabilities	9,849	10,994

The Group has leases for office buildings and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the Statement of Financial Position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 5.2).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

At 30 June 2022, 42 right-of-use assets were leased. The average lease term for premises is nine years, office equipment is five years and others is four years. The average lease term includes option periods which management are reasonably certain will be exercised. At 30 June 2022, the average remaining lease term for premises was four years, office equipment was two years and others was four years.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 is \$12,712,000.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 June 2022 the Group was not committed to short-term leases.

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

Total cash outflow for leases for the year ended 30 June 2022 was \$3,767,000 (2021: \$3,702,000).

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FOR THE YEAR ENDED 30 JUNE 2022

Amounts relating to leases recognised for the reporting period

The following amounts are recognised in Statement of Profit or Loss and Other Comprehensive Income:

	2022 \$'000	2021 \$'000
Depreciation charge for the right of use assets by class of asset		
Premises	3,129	2,919
Office equipment	151	128
Others	4	8
Total depreciation charge	3,284	3,055
Interest expense on lease liabilities (included in finance cost)	633	697
Total expense related to leases	3,917	3,752

The following amounts are recognised in the Statement of Cash Flows:

	2022 \$'000	2021 \$'000
Cash outflow for leases (AASB 16) – financing activity	3,134	3,005
Cash outflow for leases – operating activity	633	697
	3,767	3,702

6 Group structure

6.1 Business Combinations

Material Acquisition

Acquisition of Accurium Holdings Pty Ltd

On 1 November 2021, the Company acquired 85% of the ordinary shares of Accurium Holdings Pty Ltd ('Accurium') from Challenger Limited for net cash consideration of \$7.737M. Key management personnel of Accurium acquired 15% under the Company's equity partnership model. Accurium is Australia's largest supplier of Self-Managed Superannuation Fund (SMSF) actuarial certificates, with circa 45% market share. It was acquired as part of the Company's services strategy of investing in entities that are concerned with inputs / outputs (downstream) within member firms which enhance operational capacity.

Details of the acquisition accounting included in the reported results is as follows:

	\$'000
Purchase consideration	7,737
Non-controlling interest	697
Less: net assets acquired	(4,647)
Acquired Goodwill	3,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Net assets of material acquisition

	\$'000
Cash	199
Trade receivables	362
IP and Software	1,058
TechHub Material	697
Brand	792
Customer relationships	3,728
Deferred tax liability	(1,819)
Trade and other payables	(149)
Provision for Employee Benefits	(221)
Group's share of net assets	4,647

Other Acquisitions

The Group has made the following other acquisitions during the period:

On 1 July 2021, the company acquired a 51% ownership interest in 4Front Holdings Pty Ltd. As part of this transaction, the Company's 100% owned subsidiary, Cooper Reeves Pty Ltd, was acquired by 4Front Holdings Pty Ltd. The consideration paid in this transaction was the transfer of the Company's ownership interest in Cooper Reeves Pty Ltd. Total value of the consideration has been included in the combined table below.

On 20 August 2021, the Company acquired a 51% shareholding in Wealth Axis, a provider of paraplanning and administration support services to Financial Advice firms for \$1.328M. The acquisition was the first step in building out the Company services strategy of investing in activities that enhance operational capacity within member firms.

On 20 August 2021, the Company's member firm, Unite Advisory Pty Ltd, acquired Bentley, Brett & Vincent (BBV) for \$1.659M. Unite Advisory also completed a 25% equity sell down to Key Management Personnel under the CountPlus equity partnership model in for \$0.875M. The Company retains a 75% shareholding in Unite Advisory.

	\$'000
Purchase consideration	6,233
Non-controlling interest	619
Less: net assets acquired	(1,810)
Acquired Goodwill	5,042

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FOR THE YEAR ENDED 30 JUNE 2022

6.2 Investments in associates

Investments in associates are accounted for using the equity method of accounting. Information relating to associates are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
One Hood Sweeney Pty Ltd	Australia	32.36%	32.36%
Hunter Financial Planning Pty Ltd	Australia	40.00%	40.00%
OBM Financial Services Pty Ltd	Australia	43.00%	40.00%
Rundles CountPlus Pty Ltd	Australia	40.00%	40.00%
Rundles Financial Planning Pty Ltd	Australia	20.00%	20.00%
DMG Financial Holdings Pty Ltd	Australia	30.00%	30.00%
Southern Cross Business Holdings Pty Ltd	Australia	49.00%	–

The percentage of ownership interest held is equivalent to the percentage of voting rights for all associates. All associates have the same year end as the parent entity (30 June).

There are no significant restrictions on the ability of associates to transfer funds in the form of cash dividends or to repay loans or advances to the consolidated entity.

Summary of associates held during the year

One Hood Sweeney Pty Ltd

One Hood Sweeney is a South Australian professional services firm located across Adelaide, Whyalla and Kadina. It provides accounting, business advisory, financial planning, finance and technology services to its clients.

Hunter Financial Planning Pty Ltd

Hunter Financial is a financial planning specialist based in Newcastle. Hunter Financial offers a consultative approach to wealth management particularly in the area of wealth creation budgeting, insurance, estate planning and SMSF. Hunter is a Count Financial member firm.

OBM Financial Services Pty Ltd

OBM Financial Services Pty Ltd is a professional services firm based in Ivanhoe, Victoria. It provides accounting and financial planning services to its clients. OBM is a Count Financial member firm.

Rundles CountPlus Pty Ltd

Rundles CountPlus is a professional services firm based in Melbourne, Victoria. It provides accounting and business advisory services to its clients.

Rundles Financial Planning Pty Ltd

Rundles Financial Planning is a professional services firm based in Melbourne, Victoria. It provides financial planning services to its clients.

DMG Financial Holdings Pty Ltd

DMG Financial Holdings is a professional services firm located in Sale and Yarram, Victoria. It provides accounting and business advisory services to its clients.

Southern Cross Business Holdings Pty Ltd

Southern Cross Business Holdings is a professional services firm located in Mildura, Victoria. It provides accounting and business advisory services to its clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Material associates

2022	One Hood Sweeney \$'000	Hunter Financial Planning \$'000	OBM Financial Services \$'000	Rundles CountPlus \$'000	DMG Financial Holdings \$'000	Southern Cross Business Holdings \$'000
Summarised Consolidated Statement of Financial Position						
Current assets	6,795	990	1,915	2,009	1,361	1,705
Non-current assets	8,603	8,040	2,396	4,774	5,885	2,503
Current liabilities	(5,006)	(687)	(672)	(2,930)	(814)	(1,338)
Non-current liabilities	(1,841)	(752)	(1,821)	–	(1,438)	(2,638)
Net assets / equity	8,551	7,591	1,818	3,853	4,994	232
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income						
Revenue	23,765	3,764	5,089	5,509	6,057	6,700
Profit for the year	3,600	888	901	1,149	2,439	956
Total comprehensive income	3,600	888	901	1,149	2,439	956
Group share of profit for the year	1,165	355	373	359	732	468

2021	One Hood Sweeney \$'000	Hunter Financial Planning \$'000	OBM Financial Services \$'000	Rundles CountPlus \$'000	DMG Financial Holdings \$'000
Summarised Consolidated Statement of Financial Position					
Current assets	5,310	641	1,093	1,766	1,095
Non-current assets	8,702	8,133	1,494	4,791	5,800
Current liabilities	(5,366)	(538)	(796)	(2,704)	(779)
Non-current liabilities	(1,933)	(840)	(586)	–	(2,042)
Net assets / equity	6,713	7,396	1,205	3,853	4,074
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	21,789	3,055	4,507	4,804	7,432
Profit for the year	3,683	637	831	780	1,176
Total comprehensive income	3,683	637	831	780	1,176
Group share of profit for the year	1,192	255	332	312	353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Carrying amount of investments in associates

Reconciliation of carrying amount of investments in associates to summarised financial information for associates accounted for using the equity method:

	2022 \$'000	2021 \$'000
One Hood Sweeney Pty Ltd		
Opening balance	7,725	7,277
Share in profit	1,165	1,192
Dividends	(642)	(744)
Carrying amount based on share in net assets of associate	8,248	7,725
Hunter Financial Planning Pty Ltd		
Opening balance	2,714	2,742
Share in profit	355	255
Dividends	(289)	(283)
Carrying amount based on share in net assets of associate	2,780	2,714
OBM Financial Services Pty Ltd		
Opening balance	1,755	1,532
Completion adjustment of acquisition of associate	79	(69)
Share in profit	373	332
Dividends	(224)	(40)
Carrying amount based on share in net assets of associate	1,983	1,755
Rundles CountPlus Pty Ltd		
Opening balance	2,240	2,228
Share of profit	359	312
Dividends	(272)	(300)
Carrying amount based on share in net assets of associate	2,327	2,240
Rundles Financial Planning Pty Ltd		
Opening balance	337	347
Share of profit	64	54
Dividends	(52)	(64)
Carrying amount based on share in net assets of associate	349	337
DMG Financial Holdings Pty Ltd		
Opening balance	3,465	3,503
Share of profit	732	353
Dividends	(621)	(391)
Carrying amount based on share in net assets of associate	3,576	3,465
Southern Cross Business Holdings Pty Ltd		
Completion adjustment of acquisition of associate	2,740	–
Share in profit	468	–
Dividends	(257)	–
Carrying amount based on share in net assets of associate	2,951	–
	2022 \$'000	2021 \$'000
Total carrying value of investments in associates as at 30 June	22,214	18,236
Total share of net profit of associates accounted for using the equity method	3,516	2,498

Contingent liabilities and capital commitments

The associates had no contingent liabilities or capital commitments as at 30 June 2022 or 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6.3 Non-controlling interest

Reconciliation of non-controlling interest in controlled entities

	2022 \$'000	2021 \$'000
Opening balance	10,653	9,395
Acquisitions	1,411	487
Purchase of shares from non-controlling interest holder	(1,335)	(358)
Disposal of shares to non-controlling interest holder	2,161	745
Share of net profit for the period	2,243	2,146
Dividends paid by subsidiaries to non-controlling interests	(2,022)	(1,762)
Closing Balance	13,111	10,653

	2022 \$'000	2021 \$'000
The MBA Group Pty Ltd		
Opening non-controlling interest at 1 July	2,492	2,144
Additions	–	487
Disposals	(1,062)	(358)
The profit allocated to non-controlling interest for the period	575	734
Dividends paid	(375)	(515)
Closing non-controlling interest at 30 June	1,630	2,492
Kidmans Partners Pty Ltd		
Opening non-controlling interest at 1 July	1,292	1,278
Additions	–	10
The profit allocated to non-controlling interest for the period	112	196
Dividends paid	(64)	(192)
Closing non-controlling interest at 30 June	1,340	1,292
AdviceCo CA Pty Ltd		
Opening non-controlling interest at 1 July	1,712	1,450
Additions	–	154
The profit allocated to non-controlling interest for the period	236	404
Dividends paid	(220)	(296)
Closing non-controlling interest at 30 June	1,728	1,712
Mogg Accounting + Advice Pty Ltd		
Opening non-controlling interest at 1 July	1,283	1,188
Additions	179	–
The profit allocated to non-controlling interest for the period	341	319
Dividends paid	(335)	(224)
Closing non-controlling interest at 30 June	1,468	1,283
Count Financial Limited		
Opening non-controlling interest at 1 July	2,423	2,528
The profit allocated to non-controlling interest for the period	233	110
Dividends paid	(149)	(215)
Closing non-controlling interest at 30 June	2,507	2,423
Accurium Holdings Pty Ltd		
Opening non-controlling interest at 1 July	–	–
Additions	697	–
The profit allocated to non-controlling interest for the period	138	–
Dividends paid	(159)	–
Closing non-controlling interest at 30 June	676	–

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	2022 \$'000	2021 \$'000
Other		
Opening non-controlling interest at 1 July	1,451	807
Additions	2,696	581
Disposals	(274)	–
The profit allocated to non-controlling interest for the period	608	383
Dividends paid	(719)	(320)
Closing non-controlling interest	3,762	1,451
Total non-controlling interest at 30 June	13,111	10,653

The following information is provided for non-controlling interests that are material to the consolidated entity. Figures are as per the subsidiaries' financial statements:

	2022 \$'000	2021 \$'000
The MBA Group Pty Ltd		
Assets	14,597	15,112
Liabilities	5,456	6,687
Revenue	11,181	11,710
Net Profit	1,236	1,469
Count Financial Limited		
Assets	345,136	307,492
Liabilities	329,856	293,138
Revenue	15,409	14,785
Net Profit	1,967	1,091
Kidmans Partners Holdings Pty Ltd		
Assets	11,202	11,661
Liabilities	4,436	5,173
Revenue	7,423	7,273
Net Profit	460	548
AdviceCo. Pty Ltd		
Assets	6,308	6,092
Liabilities	1,555	1,415
Revenue	4,844	4,585
Net Profit	913	1,062
Mogg Accounting & Advisory Pty Ltd		
Assets	7,117	7,210
Liabilities	2,541	2,791
Revenue	5,331	5,044
Net Profit	735	909
Accurium Holdings Pty Ltd		
Assets	2,251	–
Liabilities	1,728	–
Revenue	3,950	–
Net Profit	1,316	–

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6.4 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in:

Name	Principal place of business / Country of Incorporation	Ownership interest	
		2022 %	2021 %
1. MBA Group Pty Ltd* (a)	Australia	86.08%	–
▶ The MBA Partnership Pty Ltd	Australia	100.00%	68.11%
▶ Digital O2 Pty Ltd	Australia	100.00%	100.00%
▶ MBA Financial Services (Rawsons) Pty Ltd	Australia	–	100.00%
▶ The MBA Partnership (NSW) Pty Ltd	Australia	100.00%	100.00%
▶ The MBA Partnership BNE Pty Ltd	Australia	100.00%	100.00%
▶ Specialised Business Solutions Pty Ltd	Australia	61.28%	61.28%
▶ Collective Outsourcing Pty Ltd	Australia	100.00%	100.00%
▶ Collective Outsourcing Incorporated	Phillippines	100.00%	100.00%
2. Bentleys (WA) Pty Ltd*	Australia	100.00%	95.00%
▶ Australian Superannuation & Compliance Pty Ltd	Australia	100.00%	100.00%
▶ Bentleys Advisory (WA) Pty Ltd (b)	Australia	–	100.00%
▶ Bentleys Corporate Finance (WA) Pty Ltd (b)	Australia	–	100.00%
3. Addvantage Financial Freedom Pty Ltd*	Australia	100.00%	100.00%
▶ Addvantage Accountants Pty Ltd	Australia	100.00%	100.00%
4. Beames and Associates Accounting and Financial Services Pty Ltd	Australia	100.00%	100.00%
▶ Cooma Accounting and Financial Services Pty Ltd	Australia	100.00%	100.00%
5. Moggs Accounting + Advisory Pty Ltd* (c)	Australia	60.00%	65.00%
6. Crosby Dalwood Pty Ltd* (c)	Australia	90.00%	100.00%
7. 4Front Holdings Pty Ltd* (d)	Australia	51.00%	–
▶ Cooper Reeves Pty Ltd	Australia	100.00%	100.00%
▶ 4Front Pty Ltd	Australia	100.00%	–
▶ 4Front Accountant Pty Ltd	Australia	100.00%	–
▶ Profile management Services Pty Ltd	Australia	100.00%	–
▶ 4Front Mortgage Broking Pty Ltd	Australia	100.00%	–
8. CountPlus One Pty Ltd*	Australia	100.00%	100.00%
9. Evolution Advisers Pty Ltd*	Australia	100.00%	100.00%
10. AdviceCo. Pty Ltd*	Australia	60.00%	60.00%
11. Kidmans Partners Holdings Pty Ltd*	Australia	64.15%	64.15%
▶ Kidmans Partners Pty Ltd	Australia	100.00%	100.00%
▶ Kidmans Partners Mortgage Pty Ltd	Australia	100.00%	100.00%
▶ Kidmans Partners Services Pty Ltd	Australia	100.00%	100.00%
▶ Kidmans Partners Wealth Pty Ltd	Australia	100.00%	100.00%
12. Unite Advisory Pty Ltd* (c)	Australia	75.00%	100.00%
13. Twomeys Group Pty Ltd* (a)	Australia	60.00%	–
▶ Twomeys Pty Ltd	Australia	100.00%	60.00%
▶ Twomeys Accounting & Advisory Pty Ltd	Australia	100.00%	100.00%
14. Count Financial Limited*	Australia	85.00%	85.00%
15. CountPlus FS Holdings Pty Ltd (TFS Group)	Australia	100.00%	100.00%
▶ Total Financial Solutions Australia Pty Ltd (e)	Australia	100.00%	100.00%
▶ TFS Operations Pty Limited	Australia	100.00%	100.00%
▶ TFS Advice Pty Limited (f)	Australia	–	100.00%
16. Wealth Axis Holdings Pty Ltd* (g)	Australia	51.00%	–
▶ Wealth Axis Pty Ltd	Australia	100.00%	–
17. Accurium Holdings Pty Ltd* (h)	Australia	85.00%	–
▶ Accurium Pty Ltd	Australia	100.00%	–
18. Kidmans PEC Pty Ltd (f)	Australia	–	100.00%
19. BLUE789 Pty Ltd (f)	Australia	–	100.00%
20. ADVICE389 Pty Ltd	Australia	100.00%	100.00%

* These subsidiaries are separate cash generating units.

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These entities are consolidated into the respective CGUs identified above. The class of shares acquired for all the subsidiaries are ordinary shares.

- (a) A restructure of these entities occurred during the year with a new head entity added to the group
- (b) These entities were sold to Hall Chadwick effective 31 July 2021
- (c) CountPlus' ownership interest in these entities have been reduced during the year due to equity partnership transactions
- (d) 4Front was acquired on 1 July 2021, refer to Note 6.1
- (e) This entity was reclassified from a public company to a private company during the year
- (f) These entities were deregistered during the year
- (g) Wealth Axis was acquired on 20 August 2021, refer to Note 6.1
- (h) Accurium was acquired on 1 November 2021, refer to Note 6.1

Significant restrictions relating to subsidiaries

There are no statutory, contractual or regulatory restrictions on any of the subsidiary's ability to access or transfer or use its assets and settle the liabilities of the consolidated entity.

There are no guarantees given or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to (or from) other entities within the consolidated entity.

Consolidated structured entities

The Group does not have any consolidated structured entities other than the ones which are consolidated in these financial statements and listed as subsidiaries above.

6.5 Parent entity information

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

Statement of Financial Position

	2022 \$'000	2021 \$'000
Assets		
Current assets	2,789	6,142
Non-current assets	66,085	55,025
Total assets	68,874	61,167
Liabilities		
Current liabilities	(2,405)	(1,701)
Non-current liabilities	(6,112)	(491)
Total liabilities	(8,517)	(2,192)
	60,357	58,975
Equity		
Contributed equity	126,552	126,552
Share based payment reserve	709	855
Accumulated losses	(66,904)	(68,432)
	60,357	58,975

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Statement of Profit or Loss and Other Comprehensive Income

	2022 \$'000	2021 \$'000
Profit for the year	4,450	2,521

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note , except for the following:

- ▶ Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- ▶ Investments in associates are accounted for at cost, less any impairment, in the parent entity; and
- ▶ Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Parent entity financial information

The financial information for the parent entity, CountPlus Limited, disclosed above have been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates.

Investments in subsidiaries, associates and joint venture entities are accounted for at the lower of cost and recoverable value in the financial statements of CountPlus Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

CountPlus Limited ('the Corporate Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly owned. The Corporate Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer.

Members of the CountPlus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Corporate Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

Financial guarantees

The Group currently has banking facilities with Westpac Bank. These comprise a \$5,000,000 revolving line of credit facility and a \$20,000,000 Bank Bill Business Loan. \$5,901,000 was drawn during the year and a bank guarantee of \$546,000 has been provided for property leases.

Share based payments

The grant by the Group of options over its equity instruments to key management personnel in the Group is treated as a capital contribution to the relevant subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6.6 Related party transactions

Parent entity

CountPlus Limited is the parent entity.

Subsidiaries

Transactions between the Company and its subsidiaries during the year consisted of:

- ▶ the loans advanced by the parent to subsidiaries;
- ▶ the loan repayments by the subsidiaries to the parent;
- ▶ the payment of dividends to the parent by subsidiaries; and
- ▶ recharges from the parent to the subsidiaries.

At the year end, all loan balances, payment of dividends and recharges between the parent and these subsidiaries were eliminated on consolidation.

Associates

Interests in associates are set out in note 6.2.

Key management personnel

	2022 \$	2021 \$
Short-term employee benefits	2,388,341	2,488,105
Post-employment benefits	140,605	150,387
Long-term benefits	14,764	39,180
Share-based payments	69,994	187,397
	2,613,704	2,865,069

Transactions with related parties

The following transactions occurred with related parties:

	2022 \$'000	2021 \$'000
Sale of goods and services		
Net fees and commissions received from Colonial First State Group	94	195
Premises expenses		
Catalyst Finance Pty Ltd	211	210
The Southport Unit Trust	292	203
Rosebead Pty Ltd	55	63
Mark & Bronwyn Kenmir Superannuation Fund	29	29
Bronwyn Kenmir	44	44

Payments from related parties

As at 31 July 2022, the Commonwealth Bank of Australia held 35.91% of CountPlus Limited's quoted ordinary shares. During the year, Count Financial Limited (a majority owned subsidiary) received payments totalling \$34,975,000 from the Commonwealth Bank of Australia. Following the announcement by the Commonwealth Bank of Australia in October 2021 to close the remaining part of its Commonwealth Financial Planning business, the Commonwealth Bank of Australia agreed, following a competitive tender process, to reimburse Count Financial Limited for a period of two years (subject to agreed caps) for certain costs and expenses actually incurred in connection with onboarding those Commonwealth Financial Planning customers that became customers of Count Financial Limited. Payments have been made in relation to costs incurred for client engagement, reporting, data migration and transition, and, in relation to those advisers that successfully applied for roles with Count Financial, adviser onboarding, training and support and adviser operating costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to / from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2022 \$'000	2021 \$'000
Current receivables:		
Loan to Count Member Firm Pty Ltd	57	197
Loan to other related parties	–	39
	57	236

7 Capital Management

7.1 Contributed equity

	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares – fully paid	114,222,559	114,222,559	126,566	126,566
Treasury shares – Issued capital held by loan funded share plan	(2,612,310)	(2,612,310)	(3,413)	(3,413)
	111,610,249	111,610,249	123,153	123,153

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

At 30 June 2022 there is no current on-market share buy-back. Refer to note 8.5 for details of share buy-backs post reporting period.

Capital risk management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management monitors the capital structure to ensure that the Group is positioned to take advantage of favourable costs of capital or higher expected returns on assets. The Group currently has a facility of \$20,000,000, with the Westpac Bank, which has been drawn down by \$5,901,000 as at 30 June 2022. The Group has an overdraft facility of \$5,000,000 which was drawn down by lease guarantees of \$546,000 at 30 June 2022. In addition, there are four bank loans in member firms totalling \$5,294,000 which have been drawn down by \$3,901,000. Future acquisitions and investments will be funded from existing and future cash flows as well as funds received under the Group's equity partnership model.

In the long-term, the Group expects to maintain a dividend payout ratio of between 60% and 90% of maintainable net profit after tax and minority interests, subject to market conditions and Group performance. The Group is not subject to any externally imposed capital requirements.

Significant accounting policy

Ordinary shares are classified as equity.

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

Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

7.2 Reserves

	2022 \$'000	2021 \$'000
Acquisition reserve	(48,548)	(48,548)
Share-based payments reserve	668	814
Foreign currency reserve	(16)	(33)
	(47,896)	(47,767)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payment reserve \$'000	Acquisition reserve \$'000	Foreign Currency Reserve \$'000	Total \$'000
Balance at 1 July 2021	814	(48,548)	(33)	(47,767)
Foreign currency translation	–	–	17	17
Share based payments for long-term incentive plan	(146)	–	–	(146)
Balance at 30 June 2022	668	(48,548)	(16)	(47,896)

Share based payment reserve

In addition, the reserve is used to recognise the value of equity benefits provided to the Chief Executive Officer and other Key Management Personnel as part of their remuneration for the long-term incentive plan. For further details see the remuneration report on pages 22 to 33.

Acquisition reserve

The acquisition reserve arises on the acquisition of the non-controlling interests of subsidiaries. On 1 July 2010, the Group's interests in 15 associates were consolidated with the non-controlling interest being measured as the present ownership's proportionate share of identifiable net assets. The acquisition of these non-controlling interests as part of the public listing was not a business combination but was an equity transaction between owners. Accordingly, in 2011, the difference between the consideration paid and fair value of the identifiable net assets of the non-controlling interests has been accounted for in the acquisition reserve.

7.3 Share plans

Long-term incentive plan

The long-term incentive plans are set out on pages 27 to 28 of this report.

7.4 Interest bearing loans and borrowings

	2022 \$'000	2021 \$'000
Current liabilities		
Bank loans – funding facility and other loans	911	717
Acquisition facility	–	1,891
Hire purchase	–	2
	911	2,610
Non-current liabilities		
Acquisition facility	5,901	–
Bank loans – funding facility and other loans	2,989	1,718
	8,890	1,718

Refer to note 7.5 for further information on financial instruments risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
Total facilities		
Bank overdraft	5,000	5,000
Bilateral funding facility	25,295	23,430
	30,295	28,430
Used at the reporting date		
Bank overdraft	1,141	1,141
Bilateral funding facility	9,801	4,328
	10,942	5,469
Unused at the reporting date		
Bank overdraft	3,859	3,859
Bilateral funding facility	15,494	19,102
	19,353	22,961

The interest-bearing loans and borrowings balance is \$9,801,000 (Non-current: \$8,890,000 Current: \$911,000) (2021: Non-current: \$1,718,000 Current: \$2,610,000) borrowings from Westpac Bank. There are currently seven lines of credit with Westpac Bank.

CountPlus Limited has an overdraft facility with Westpac Bank, the limit is \$5,000,000 (2021: \$5,000,000). From this facility, bank guarantees on properties are offset against this balance.

CountPlus Limited has a revolving line of credit with Westpac Bank, the limit is currently \$20,000,000 (2021: \$20,000,000) and is charged with a variable rate. This five-year facility with Westpac was renewed on 20 January 2022. The rate is determined with reference to the Bank Bill Swap Bid Rate (BBSY). Reference Rates are published in the Australian Financial Review plus a margin. A guarantee and charge as security for the facility is provided by CountPlus Limited.

Kidmans Partners Pty Ltd has two bank loans with Westpac Bank, the total limit is \$1,655,000 repayable between two and four years. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by Kidmans Partners Pty Ltd.

The MBA Partnership Pty Ltd has a bank loan with Westpac Bank, the limit is \$1,239,000 repayable over three years. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by The MBA Partnership Pty Ltd.

Unite Advisory Pty Ltd has a bank loan with Westpac Bank, the limit is \$1,700,000 repayable over two years. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by Unite Advisory Pty Ltd.

4Front Pty Ltd has two bank loans with Westpac Bank, the total limit is \$700,000 repayable either at call or over one year. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by 4 Front Pty Ltd.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Significant accounting policy

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 the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent whereby there is no evidence that it is probable that some or all 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.

Changes in liabilities arising from financing activities

	2021 \$'000	Cash flow \$'000	Non-cash changes Reclassification to short-term \$'000	Other changes \$'000	2022 \$'000
Long-term borrowings	1,718	12,300	(5,128)	–	8,890
Short-term borrowings	2,608	(6,825)	5,128	–	911
Hire purchase short-term liabilities	2	(2)	–	–	–
Total liabilities from financing activities	4,328	5,473	–	–	9,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

7.5 Capital and financial risk management

Financial assets and liabilities

Note 8.4 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2022	Note	Amortised cost \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	3.1	21,540	21,540
Trade and other receivables	3.2	23,195	23,195
Deferred cash consideration	3.2	1,787	1,787
Loans and advances	6.6	57	57
Total financial assets		46,579	46,579

30 June 2022	Note	Other liabilities (amortised cost) \$'000	Total \$'000
Financial liabilities			
Trade payables	3.4	1,216	1,216
Interest bearing loans and borrowings	7.4	9,801	9,801
Lease Liability	5.3	13,438	13,438
Deferred cash consideration	3.6	1,514	1,514
Other liabilities	3.6	118	118
Total financial liabilities		26,087	26,087

30 June 2021	Note	Amortised cost \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	3.1	26,239	26,239
Trade and other receivables	3.2	20,004	20,004
Loans and advances	6.6	236	236
Total financial assets		46,479	46,479

30 June 2021	Note	Other liabilities (amortised cost) \$'000	Total \$'000
Financial liabilities			
Trade payables	3.4	1,291	1,291
Interest bearing loans and borrowings	7.4	4,328	4,328
Lease Liability	5.3	14,433	14,433
Deferred cash consideration	3.6	1,266	1,266
Other liabilities	3.6	620	620
Total financial liabilities		21,938	21,938

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- ▶ trade and other receivables;
- ▶ cash and cash equivalents;
- ▶ loans and advances;
- ▶ trade payables;
- ▶ other liabilities; and
- ▶ interest bearing borrowings.

Financial instruments risk

Financial risk management objectives

The Group's principal financial assets and liabilities, which arise directly from its operations, comprise of cash and cash equivalents, trade and other receivables, interest bearing loans, borrowing, trade and other payables.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

At 30 June 2022, the Group had total bank loans outstanding of \$9,801,000 (2021: \$4,328,000). The Group also had an overdraft facility of \$5,000,000 of which \$1,141,000 is reserved for bank guarantees. \$546,000 was utilised from this bank guarantee limit. The effect on profit as a result of changes in interest rate with all other variables remaining constant would be as follows:

Change in profit	2022 \$'000	2021 \$'000
+1% (100 basis points)	(82)	(168)
-1% (100 basis points)	82	168

Credit risk

The Group is exposed to credit risk from its operating activities (primarily cash and cash equivalents and trade and other receivables).

The Group trades only with creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst several counterparties to spread the risk of default of counterparties.

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, as indicated in the consolidated statement of financial position. The maximum credit risk exposure does not consider the value of any collateral or other security held, in the event other entities / parties fail to perform their obligations under the financial instruments in question. In addition, receivable balances are monitored on an ongoing basis. The Group observes its provision policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current within 6 months \$'000	6 to 12 months \$'000	Non-current 1 to 5 years \$'000	later than 5 years \$'000
30 June 2022				
Trade payables	1,216	–	–	–
Interest bearing loans and borrowings	414	497	10,192	368
Deferred cash consideration	1,112	225	227	–
Lease liabilities	1,787	1,786	7,649	4,124
	4,529	2,508	18,068	4,492

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current within 6 months \$'000	6 to 12 months \$'000	Non-current 1 to 5 years \$'000	later than 5 years \$'000
30 June 2021				
Trade payables	1,291	–	–	–
Interest bearing loans and borrowings	382	380	3,853	47
Deferred cash consideration	771	115	764	235
Lease liabilities	1,861	1,642	10,082	2,928
	4,305	2,137	14,699	3,210

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other receivables, trade payables, loans, advances and other receivables and interest-bearing borrowings approximate their fair value.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3** Unobservable inputs for the asset or liability.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022				
Assets				
Contingent assets	–	–	1,787	1,787
Financial liabilities				
Contingent liabilities	–	–	(1,127)	(1,127)
2021				
Financial liabilities				
Contingent liabilities	–	–	(1,266)	(1,266)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	\$'000
Balance at beginning of year	(1,266)
Gain on deferred consideration in profit or loss	114
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during the year	(861)
Cash paid for settlement of deferred cash consideration	886
	(1,127)

The fair value of the financial assets and liabilities represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

Fair value of other investments held at fair value through profit and loss is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred on 30 June 2022, excluding new issue of shares. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

Fair value of contingent cash consideration is derived from management expectations of the performance of the acquired businesses and assets.

Fair value of deferred equity consideration is derived from management expectations of the performance of the acquired businesses and assets.

There were no transfers between levels during the financial year.

The maximum potential payment for deferred consideration is \$1,514,000 (2021: \$1,266,000).

Management believes no reasonable change in any other key assumptions would have a material impact on the fair value of the other investments and deferred consideration.

8 Other information

8.1 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Limited, the auditor of the Group:

	2022 \$	2021 \$
Audit services – Grant Thornton Audit Pty Limited		
Audit or review of the financial statements	436,000	371,000
Other services – Related entity of Grant Thornton Audit Pty Limited		
Other advisory services	–	5,000
Total remuneration of Grant Thornton Audit Pty Limited and related entities	436,000	376,000

8.2 Contingencies

Contingent assets

The Group has no contingent assets as at 30 June 2022 (2021: nil)

Contingent liabilities

Class action lawsuit

Class action proceedings have been filed by Piper Alderman in the Federal Court of Australia against CountPlus Limited's member firm, Count Financial Limited. The proceedings seek financial compensation and relates to commissions paid to Count Financial and its authorised representative financial advisers. The commissions were in respect of financial products (including insurance) and certain obligations of its financial advisers to provide ongoing advice in the period 21 August 2014 to 21 August 2020.

CountPlus Limited acquired Count Financial Limited from Commonwealth Bank of Australia (CBA) on 1 October 2019. CBA has provided an indemnity to CountPlus Limited in relation to certain conduct that occurred prior to and after the acquisition of Count Financial by CountPlus Limited for an amount of \$300M.

A reliable estimate of the expected future inflows and / or outflows related to the class action cannot be formed at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Claim against Corporate Authorised Representative

This matter relates to a claim by a client, brought through her tutor, the Public Trustee, in the Supreme Court of NSW, against a Corporate Authorised Representative of Count Financial. Neither the Group nor its subsidiaries have been named in the proceedings. A reliable estimate of the expected future inflows and / or outflows related to this matter cannot be formed at this stage.

Corporate Actions

This matter has arisen out of remediation proceedings ASIC commenced against third parties. The Group has commenced an investigation to ascertain the value of any potential liability. A reliable estimate of the expected future inflows and / or outflows related to this matter cannot be formed at this stage.

The Group has no other contingent liabilities as at 30 June 2022 (30 June 2021: nil).

8.3 Commitments

Capital commitments

The Group has total capital commitments of \$546,000 (2021: \$1,024,000), to various landlords in form of bank guarantees. No material losses are anticipated in respect of these guarantees.

8.4 Summary of other significant accounting policies

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group. Consolidated entity consisting of CountPlus Limited and its subsidiaries.

Basis of preparation

These consolidated general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. CountPlus Limited is a for-profit entity for the purpose of preparing the financial statements.

Both the functional and presentation currency of CountPlus Limited and its subsidiaries is Australian dollars (A\$) and the financial report is presented in Australian dollars (A\$). In accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Compliance with IFRS

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

Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.2.

Historical cost convention

The Consolidated financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of certain financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Changes to presentation

Wherever necessary, CountPlus Limited has regrouped and reclassified certain balances in the financial statements in order to provide more relevant information to our stakeholders. The comparative information has been reclassified accordingly. These reclassifications do not have any impact on the profit for the current year or prior year.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 6.5.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operations and the realisation of assets and discharges of liabilities in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all relevant new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- ▶ AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current
- ▶ AASB 2020–6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- ▶ AASB 2021–2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- ▶ AASB 2021–5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of CountPlus Limited and its subsidiaries as at 30 June 2022 and the results of CountPlus Limited and its subsidiaries for the year then ended. CountPlus Limited and its subsidiaries together are referred to in these financial statements as ('the Group').

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the Group.

Investments in subsidiaries are accounted for at cost in the financial statements of CountPlus Limited less any impairment charges.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 49% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income, is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Employee share trust

The Company has formed a trust to administer the Group's Loan Funded Share Plan. This trust is consolidated as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the trust are disclosed as Treasury Shares and are deducted from contributed equity.

Foreign currency translation

The financial statements are presented in Australian dollars, which is CountPlus Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- ▶ amortised cost; or
- ▶ fair value through profit or loss ('FVPL').

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- ▶ the entities business model for managing the financial asset; and
- ▶ the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- ▶ they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- ▶ the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income ('FVOCI'), trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- ▶ financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- ▶ financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, contract liabilities and other liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED **30 JUNE 2022**

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016 /191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

The significant accounting policies adopted in the preparation of the financial statements have been consistently applied to the current year and the comparative period, unless otherwise stated. Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

8.5 Events after the reporting period

On 1 July 2022, CountPlus Limited appointed Hugh Humphrey as Chief Executive Officer and director.

On 1 July 2022, CountPlus Limited finalised terms to acquire a 32.75% shareholding in WSC Group Pty Ltd from 1 August 2022.

On 4 July 2022, CountPlus Limited member firm, NSW based CountPlus One Pty Ltd acquired 100% of the business CDC Partners Pty Ltd.

On 13 July 2022, CountPlus Limited commenced a share buy-back scheme to enhance returns to shareholders with specific capital management initiatives. A maximum of 11,422,255 shares will be repurchased. The timing and number of shares repurchased will depend on the Group's share price and market conditions. 761,089 shares have repurchased up to the date of this report. There can be no certainty that all of the shares will be repurchased.

On 26 August 2022, the Directors resolved to declare a full year final dividend for FY22 of 2.00 cents (fully franked) to be paid on 12 October 2022 (record date 23 September 2022).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect:

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

DIRECTORS

Ray Kellerman
Chairman

Alison Ledger
Independent Non-Executive Director

Andrew McGill
Independent Non-Executive Director

Carolyn Colley
Independent Non-Executive Director
Appointed 6 October 2020

Kate Hill
Independent Non-Executive Director

Matthew Rowe
Managing Director and Chief Executive Officer
Resigned 24 February 2022

Hugh Humphrey
Managing Director and Chief Executive Officer
Appointed 1 July 2022

INTERIM CHIEF EXECUTIVE OFFICER

Laurent Toussaint
*24 February 2022 –
30 June 2022*

CHIEF FINANCIAL OFFICER

Laurent Toussaint

COMPANY SECRETARY

Laurent Toussaint

Narelle Wooden

Doug Richardson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 8
1 Chifley Square
Sydney NSW 2000
Telephone +61 2 8218 8778

SHARE REGISTRY

**Computershare Investor
Services Pty Ltd**
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone +61 2 8234 5000

INDEPENDENT AUDITOR

**Grant Thornton
Audit Pty Ltd**
Level 17, 383 Kent Street
Sydney NSW 2000
Telephone +61 2 8297 2400

SOLICITORS

Baker McKenzie
Level 46, Tower One
International Towers Sydney
100 Barangaroo Avenue
Barangaroo NSW 2000
Telephone +61 2 9225 0200

BANKER

**Westpac Banking
Corporation**

STOCK EXCHANGE LISTING

CountPlus Limited shares
are listed on the Australian
Securities Exchange
(ASX code: CUP)

WEBSITE ADDRESS

www.countplus.com.au

ABN

11 126 990 832

DIRECTORS' DECLARATION

1. In the opinion of the Directors of CountPlus Limited:
 - a. The consolidated financial statements and notes of CountPlus Limited are in accordance with the Corporations Act 2001, including
 - i. Giving a true and fair view of its financial position as at 30 June 2022 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. There are reasonable grounds to believe that CountPlus Limited 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 2022.
3. Note 8.4 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors.



Ray Kellerman
Chairman
26 August 2022
Sydney



Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Independent Auditor's Report

To the Members of CountPlus Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of CountPlus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

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Key audit matters

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

Key audit matter**How our audit addressed the key audit matter****Business combinations (Note 6.1)**

The Group acquired 85% of Accurium Holdings Pty Ltd during the year for \$7,737,000. Goodwill of \$3,787,000 was recognised in the acquisition.

In addition, the Group made the following material acquisitions which resulted in \$5,042,000 of goodwill recognised:

- On 1 July 2021, the Group acquired a 51% ownership interest in 4Front Holdings Pty Ltd. As part of this transaction, the Group's 100% owned subsidiary, Cooper Reeves Pty Ltd, was acquired by 4Front Holdings Pty Ltd. The consideration paid in this transaction was the transfer of the Group's ownership interest in Cooper Reeves Pty Ltd;
- On 20 August 2021, the Group acquired a 51% shareholding in Wealth Axis for consideration of \$1.328m; and
- On 20 August 2021, the Group's member firm, Unite Advisory Pty Ltd, acquired Bentley, Brett & Vincent (BBV) for \$1.659m.

These transactions have been accounted for in accordance with AASB 3: Business Combinations which is complex and includes a high degree of estimation uncertainty and judgement when determining the fair value of acquired assets and liabilities.

This is a key audit matter due to the complexity and judgements involved in assessing AASB 3 and the estimation uncertainty involved in valuing intangible assets.

Our procedures included, amongst others:

- obtaining the purchase agreements and management's accounting memorandums and assessing the terms of the contracts;
- obtaining the acquisition balance sheet of the acquired entities and agreeing on the material balances to supporting information;
- assessing the capability, competence and objectivity of management's independent expert;
- consulting with our valuation specialists to evaluate the Independent Expert's Valuation Report, including;
- assessing whether the appropriate intangible assets had been identified;
- assessing the appropriateness of the valuation methodologies;
- challenging the assumptions used were reasonable and supportable;
- testing the mathematical accuracy of the underlying calculations;
- evaluating the forecasts provided by management upon which the valuations were based by assessing forecast revenues, operating costs based on our knowledge of the market and sector trends; and
- assessing the adequacy of the Group's disclosures in respect of the business acquisitions against the requirements of AASB 3: Business Combinations.

Key audit matter**How our audit addressed the key audit matter****Recoverable amount of intangible assets (Note 5.1)**

As at 30 June 2022, the Group's intangible assets of \$52,338,000 consist of goodwill, acquired client relationships/advisor networks, brands, IT software and other intangible assets. No impairment expense has been recognised during the year.

AASB 136: Impairment of Assets requires that goodwill acquired in a business combination be allocated to each of the Group's cash-generating units (CGU) for impairment testing purposes. Each CGU to which goodwill has been allocated must be tested for impairment annually.

Management has assessed that the group has 15 CGUs and has allocated the goodwill and other intangible assets to these CGUs.

Management has tested the CGUs for impairment by comparing their carrying amounts with recoverable amounts. The recoverable amounts were determined using value-in-use models.

This is a key audit matter due to the significant judgements required to determine the appropriate CGUs and the inherent estimation uncertainty in calculating the recoverable amount.

Our procedures included, amongst others:

- enquiring with management to obtain and document an understanding of their processes and controls related to the assessment of impairment, including identification of CGUs and the calculation of the recoverable amount for each CGU;
- evaluating the value-in-use models against the requirements of AASB 136, including consultation with our valuations experts;
- obtaining management's value-in-use calculations and:
- testing the mathematical accuracy of the model;
- evaluating management's ability to forecast future results;
- testing the reasonableness of forecasted cash flows to be derived by the CGUs' assets;
- reviewing discount rates applied to forecast future cash flows;
- performing sensitivity analysis on the significant inputs and in preparing the calculation; and
- assessing the adequacy of the Group's disclosures in respect of the requirements of AASB 136.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **COUNTPLUS LIMITED**

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 the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 22 to 33 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CountPlus Limited, for the year ended 30 June 2022 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Thomas
Partner – Audit & Assurance
Sydney, 26 August 2022

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 July 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Listed Ordinary Shares – Fully Paid	
	Number of Holders	Number of Shares
1 to 1,000	408	229,040
1,000 to 5,000	631	1,672,162
5,001 to 10,000	263	2,055,113
10,001 to 100,000	468	15,075,830
100,001 and over	94	95,002,730
	1,864	114,034,875
Holding less than a marketable parcel	285	119,050

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Listed Ordinary Shares – Fully Paid	
	Number held	% of Total Shares
1 Colonial Holding Company Ltd	40,945,747	35.91
2 J P Morgan Nominees Australia Pty Limited	9,658,960	8.47
3 Mr Barry Martin Lambert	3,300,000	2.89
4 Pacific Custodians Pty Limited (Employee Share Tst A/C)	2,612,310	2.29
5 HSBC Custody Nominees (Australia) Limited	2,514,646	2.21
6 National Nominees Limited	2,482,487	2.18
7 Rowe Heaney Super Fund Pty Ltd (Rowe Heaney Super Fund A/C)	2,235,000	1.96
8 Mirrabooka Investments Limited	2,215,943	1.94
9 Santos L Helper Pty Ltd (SBS Van Paassen A/C)	2,100,000	1.84
10 Mr Joseph Zanca & Mrs Szerenke Zanca (Zanacorp Super Fund A/C)	1,525,000	1.34
11 RK Sydney Pty Ltd (RK Family A/C)	1,400,000	1.23
12 Citicorp Nominees Pty Limited	1,373,294	1.20
13 Zanacorp Financial Group Pty Ltd	1,200,000	1.05
14 Colonial First State Inv Ltd (7749080 Ritchie A/C)	1,162,528	1.02
15 Mr Raymond John Kellerman & Mrs Ruth Kellerman (The Kellerman S/F A/C)	850,000	0.75
16 Harvey Investment Company Pty Ltd (Seastar Investment A/C)	835,561	0.73
17 Mr Michael Allan Beddoes (Beddoes Practice A/C)	800,000	0.70
18 Mr Barry Martin Lambert	764,729	0.67
19 Supergeneration Pty Ltd (Supergeneration A/C)	533,600	0.47
20 Dr Andrew Richard Conway + Dr Vanessa Joy Teague	500,000	0.44
	79,009,805	69.29

Substantial holders

	Listed Ordinary Shares – Fully Paid	
	Number held	% of Total Shares
1 Colonial Holding Company Ltd	40,945,747	35.91
2 Ryder Capital Ltd	8,342,197	7.32
	49,287,944	43.23

INVESTORS' INFORMATION

Share Trading

CountPlus Limited's fully paid ordinary shares are listed on the Australian Stock Exchange (ASX) and are traded under the code CUP.

Voting rights

At a General Meeting, every member present in person or by proxy or attorney, or in the case of a corporation by a representative duly authorised under the seal of that corporation, has one vote on a show of hands and in the event of a poll, one vote for each fully paid ordinary share held by the member. Options carry no voting rights.

Shareholders' Enquiries

Investors seeking information regarding their shareholding or wishing to change their address, should contact our share registry:

Computershare Investor Services Pty Ltd

Address	Level 3, 60 Carrington Street Sydney NSW 2000
Telephone	1300 850 505 +61 2 8234 5000
Fax	+61 2 8235 8150

Any other enquiries relating to CountPlus Limited can be directed to CountPlus at:

Postal Address	GPO Box 1453 Sydney NSW 2001
Telephone	+61 2 8218 8778
Email	info@countplus.com.au
ABN	11 126 990 832

ANNUAL
REPORT
2022



