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Annual Report **2021**

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Appendix 4E

For the Year Ended 30 June 2021

1 Company details

Name of entity	CountPlus Limited
ABN	11 126 990 832
Reporting period	For the year ended 30 June 2021
Previous period	For the year ended 30 June 2020

2 Results for announcement to the market

					\$'000
Revenues from ordinary activities	down	3%	to		80,521
Profit from ordinary activities after tax attributable to the owners of CountPlus Limited	down	69%	to		4,938
Profit for the year attributable to the owners of CountPlus Limited	down	69%	to		4,938

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$4,938,000 (30 June 2020: \$15,861,000). Included in the results for the year ended 30 June 2020 is an amount of \$10,952,000 relating to the gain on bargain purchase which is the excess of the fair value of the acquired identifiable assets and liabilities over the purchase price of Count Financial.

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	37.50	35.78

4 Control gained over entities

Not applicable.

5 Loss of control over entities

Not applicable.

Appendix 4E

For the Year Ended 30 June 2021

6 Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend – paid on 14 April 2021	1.25	1.25
Full year final dividend* – to be paid on 13 October 2021	1.50	1.50

* record date 24 September 2021

Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend – paid on 15 April 2020	1.25	1.25
Full year final dividend – paid on 14 October 2020	1.25	1.25

7 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%	1,192	950
Hunter Financial Planning Pty Ltd	40.00%	40.00%	255	360
OBM Financial Services Pty Ltd	40.00%	40.00%	332	188
Rundles CountPlus Pty Ltd	40.00%	40.00%	312	336
Rundles Financial Planning Pty Ltd	20.00%	20.00%	54	57
DMG Financial Holdings Pty Ltd	30.00%	30.00%	353	288
Group's aggregate share of associates profit				
Profit from ordinary activities after income tax			2,498	2,179

8 Foreign entities

Australian Accounting Standards have been applied to foreign entities when compiling the Appendix 4E and Financial Statements for the year ended 30 June 2021.

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



The Board is pleased to report that CountPlus is now well-established to pursue and execute on its growth strategy.

The business ownership model of CountPlus has now been fundamentally re-positioned (the Owner, Driver – Partner or OD-P™ initiative), as seen by the increased acquisition activity with seven OD-P™ transactions, nine tuck-in investments and the complementary business acquisition of Wealth Axis executed in FY21.

CountPlus has a strong balance sheet and capital position including cash on hand of \$26 million and will continue to execute on its acquisition strategy consistent with building and strengthening its service offerings to accounting firms, financial advisers, and clients. With this confidence in the business and a solid FY21 result of NPAT \$7.08 million, the Board has declared a final fully franked dividend of 1.50 cents per share.

The last 12 months have presented several challenges for CountPlus and its staff, clients, and the communities in which it operates. The COVID-19 virus has presented many difficulties and continues to challenge the very fabric of our society and the way we live. I am very thankful to our staff and businesses for the way they have looked after their clients and colleagues.

CountPlus continues to look to the future with ambition to grow its businesses and create improved commercial and operational results, and with shareholder returns our fundamental driver as measured by return on equity and earnings per share. However, the Board is very aware of the potential downside risks that may arise from the uncertainties of the pandemic, the changing regulatory framework of financial advice and the challenges and opportunities that more sophisticated technology may bring.

**CountPlus continues to look to the future
with ambition to grow its businesses
and create improved commercial and
operational results.**

The reshaping of Count Financial continued in FY21 with the cessation of grandfathered revenue in December 2020, and the continued educational reform and recruitment of advisers (and retirement of others), as the business aims to grow to obtain the benefits of scale. Through technological advancements, efficiencies have been obtained and improved business practices achieved. There remains work to be done regarding the Count Financial business including continuing to scale up our high-quality advice firm foundations.

The Board is confident that Count Financial offers market compelling long-term service value and will grow its foundation of high quality, sustainable financial advice firms.

The Board will continue to seek improved profitability and organic growth from its existing businesses, together with executing on its acquisition strategy directed by, and consistent with, building and strengthening the CountPlus service offering to firms, advisers, and clients.

Thank you to our employees and partners for their respective contributions to CountPlus, and the Board looks forward to continuing to build the business for the benefit of shareholders and all CountPlus stakeholders.

Thank you for being a CountPlus shareholder.



Ray Kellerman
Chairman



CEO Report

Dear Shareholders

Teams come together when faced with a shared struggle and common purpose.

FY2021 had its share of struggles for CountPlus – the impact of COVID-19, regulatory reform in financial advice and the economic impact of the transition of Count Financial to its new “clean” user pays model without grandfathered revenue. Through all this we remained focused on our core purpose: to collaborate with our partner firms for mutual success, growth, and positive client outcomes.

We grew revenue in our OD-P™ Firms and improved profit margins, at the same time empathetically working with our core small business clients through their own unique set of struggles. We delivered positive outcomes for our Count Financial Member Firms by improving efficiencies in the delivery of client centric advice, focussing on productivity and utilisation, quality assurance, and the continual lift in professional standards.

I was inspired when observing the tremendous collaboration and effort across the CountPlus community, how we looked out for each other, how we looked out for our clients and how we gave back to the communities we serve.

Count Financial is purpose built to be a client-centric and transparently remunerated licensee offer to financial advisers and the clients they serve.

I would encourage you to read the case studies in this Annual Report of the people who demonstrate our core values of teamwork, commitment, and courage.

The quality of the people on our team serves to harden my resolve to stay the course on what we are building at CountPlus at a time of enormous change in financial advice.

Count Financial is purpose built to be a client-centric and transparently remunerated licensee offer to financial advisers and the clients they serve. We are not subsidised through product distribution as our “product” is financial advice. We continue to attract high quality advisers to Count Financial, and the pipeline for quality professional practitioners, firms and partners is strong.

Australia’s demand for quality financial advice is not diminishing. In fact, the reduced number of financial advisers will struggle to keep pace with demand.

This ‘fewer advisers, more clients’ scenario is but one of the new challenges ahead in the financial advice sector. For CountPlus and Count Financial it places greater impetus on our efforts to improve efficiencies for our financial advisers, introduce new technology and streamline our administration and other back-office support services.

The past year has seen strong evidence Count Financial is on the right track, with the number of advice documents produced increasing by 46% between FY2020 and FY2021, with fewer financial advisers. We enabled a 57% increase in advice documents produced per financial adviser during this time.

In financial terms, the news is also positive as total fees generated by the Count Financial adviser network increased by 26% between 1 October 2019, the date CountPlus acquired Count Financial, and 30 June 2021. This is important for shareholders as the new economic model for Count Financial is a fee per adviser and a share of this growing revenue stream.

The Company continues to make efficient and disciplined use of capital. CountPlus has an opportunity to invest in financial advice at a time when major institutional players have exited at significant cost to their reputation and balance sheets.

I am confident that our strategy for growth within CountPlus and Count Financial will deliver sustainable returns to shareholders as more Australians seek quality advice. Our investment in the right people, culture, supporting technology and adjacent core businesses will position us well for this future.

Thank you for being a co-shareholder in CountPlus.



Matthew Rowe
CEO and Managing Director

Case Studies



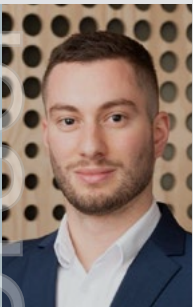
Culture complements growth strategy at AdviceCo

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Best interest focus sparks a new direction for dmca advisory

[READ](#)



Ascent chooses Count Financial

[READ](#)



Merged 4Front a model of empowered success

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Back office takes centre stage

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Professionalism, people, and pride

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Small town firm with a big presence

READ

Financial Summary

	#	2020 \$'000	2021 \$'000	2020 / 2021 change %
Revenue from contracts with customers	1	82,607	80,521	(3%)
Other income		2,141	3,530	65%
Total operating expenses	2	(76,067)	(74,603)	(2%)
EBITA before profit from associates		8,681	9,448	9%
Associates	3	2,179	2,498	15%
Earnings before interest, tax and amortisation (EBITA)	4	10,860	11,946	10%
Interest income	5	163	53	(67%)
Interest expense	6	(1,108)	(1,059)	(4%)
Amortisation	7	(1,402)	(1,377)	(2%)
Profit before tax		8,513	9,563	12%
Income tax expense	8	(2,017)	(2,479)	23%
Gain on bargain purchase	9	10,952	–	(100%)
Net profit from operations after income tax	10	17,448	7,084	(59%)
Profit attributable to owners of CountPlus		15,861	4,938	(69%)
Profit attributable to non-controlling interest		1,587	2,146	35%
Basic earnings per share (cents)		14.30	4.43	(69%)
Diluted earnings per share (cents)		14.24	4.39	(69%)
Current assets	11	255,707	321,451	26%
Current liabilities	12	236,473	299,725	27%
Current ratio		1.08	1.07	(1%)
Non-Current assets	13	98,316	95,212	(3%)
Non-Current liabilities	14	39,438	35,116	(11%)
Net assets		78,112	81,822	5%
Net cash	15	21,111	21,911	4%

Notes to Financial Summary

1. Revenue from contracts with customers

Revenue is generated from accounting services, financial planning services and financial services. Accounting related revenue represents 65% of revenue from contracts with customers and was up on the prior period by 1%. Financial planning revenue makes up 14% of revenue from contracts with customers which is consistent with the prior year. Financial services revenue makes up 11% of revenue from contracts with customers and was down 30% on prior period. Revenue from contracts with customers was lower than the prior year by 3% primarily due to grandfathered commissions no longer being received from January 2021.

2. Total operating expenses

Total operating expenses were 2% lower than the prior period. This was primarily due to savings in other operating expenses.

3. Share of net profit from associates

Share of net profit from associates increased by 15% due to the full year earnings of DMG Financial Holdings Pty Ltd which was acquired in FY20.

4. EBITA

Included in EBITA is the receipt of government grants of \$2.79M in FY21 (\$1.74M in FY20).

5. Interest income

The 67% 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 \$1.38M (2020: \$1.40M) relates primarily to an accounting requirement to write down the value of intangible assets, acquired client relationships and adviser networks, over their expected lifetime.

8. Income tax expense

Income tax expense exceeded the prior year due to the taxable capital gains on the disposal of shares when partaking in OD-P™ transactions and the sale of fee parcels in subsidiary firms.

9. Gain on bargain purchase

The gain on bargain purchase of \$11M recognised in FY20, represents the excess of the fair value of the acquired identifiable assets and liabilities over the purchase price of Count Financial.

10. Net profit from operations after income tax

Net profit after tax decreased in the current year due to recognition of the gain on bargain purchase of \$11M in relation to the acquisition of Count Financial. Profit attributable to CountPlus Ltd shareholders was \$4.94M.

11. Current assets

Current assets increased due the indemnity asset increasing by \$65M to \$260M which is due from the Commonwealth Bank of Australia.

12. Current liabilities

The increase in current liabilities was due largely to the increase in the remediation provision within Count Financial by \$65M to \$260M.

13. Non-current assets

Non-current assets are in line with the prior period.

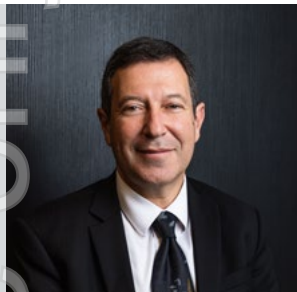
14. Non-current liabilities

Non-current liabilities decreased compared to last year due to a reduction Ongoing insurance trail commission payable in Count Financial.

15. Net cash

Net cash (cash and cash equivalent less interest bearing liabilities) has increased to \$21.91M (2019: \$21.11M) due predominantly to operating cash flows generated by member firms.

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, Foundation Life New Zealand 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). An Independent Non-Executive Director, Member of the Audit and Risk Committees and Remuneration and Nominations Committee and Chair of the Claims Review Committee of OnePath Custodians, Oasis Fund Management and IOOF Investment Management, IOOF's Superannuation businesses. An Independent Non-Executive Director and a Member of the Information Technology committee and 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. Carolyn is also a Director and Deputy Chair of Liverpool Neighbourhood Connections, a community based (NFP).



Matthew Rowe

Matthew Rowe joined the CountPlus Board in October 2016 and was appointed CEO and Managing Director in February 2017. He has led CountPlus through its turnaround strategy and guided the successful acquisition and integration of Count Financial in October 2019.

Mr Rowe holds a Bachelor of Economics, Graduate Diploma in Accounting, Graduate Diploma in Financial Planning and is a graduate of Harvard Business School. His professional designations include CFP(Life), FCA, FCPA and GAICD.

Mr Rowe is a recognised change agent in financial services with a track record in leading high-performing teams. He embodies a genuine values-based leadership with a particular focus on people and culture, and drives commercial results based on strong commercial and regulatory experience.

In 2017, Matthew was appointed by the Minister for Revenue and Financial Services to the Board of the Financial Adviser Standards and Ethics Authority and served in this capacity until late 2019.

Prior to this Matthew was Chairman of the Financial Planning Association of Australia and represented Australia on the Global Standards Body. He is the former Managing Director of Hood Sweeney, a CountPlus member firm, and the 30th largest accounting firm in Australia and twice a BRW top 10 fastest growing firm.

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 2021.

Board of Directors and Company Secretaries

Name	Position	Date of Appointment
Ray Kellerman	Chairman	27 April 2017
Alison Ledger	Independent Non-Executive Director	1 October 2016
Kate Hill	Independent Non-Executive Director	26 June 2017
Andrew McGill	Independent Non-Executive Director	4 December 2017
Carolyn Colley	Independent Non-Executive Director	6 October 2020
Matthew Rowe	Executive Director / Chief Executive Officer / Managing Director	24 February 2017
Laurent Toussaint	Company Secretary	29 June 2018
Narelle Wooden	Company Secretary	30 November 2018
Company Matters Pty Ltd (William Hundy)	Company Secretary	30 April 2020 <i>Resigned 30 October 2020</i>
Robert Alan Shedden	Company Secretary	10 November 2020 <i>Resigned 16 March 2021</i>
Doug Richardson	Company Secretary	8 June 2021

Information on the current Directors including their experience, expertise and other current directorships (including former directorships) of publicly listed companies, is contained in the Board Profile Report on pages 14 to 15.

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	6/6		2/2 [^]			Member	5/5		
Alison Ledger	Non-Executive Director	6/6	Member	4/4			Chair	5/5		
Kate Hill	Non-Executive Director	5/6	Chair	4/4	Member	4/4				
Andrew McGill	Non-Executive Director	6/6			Chair	4/4	Member	4/5	Member	3/3
Carolyn Colley*	Non-Executive Director	4/4	Member	2/2 [^]					Chair	3/3
Matthew Rowe	Managing Director and CEO	6/6			Member	4/4			Member	3/3

* Carolyn Colley was appointed as Director on 6 October 2020

[^] Carolyn Colley was appointed as a member of the Audit and Risk Committee, replacing Ray Kellerman on 1 December 2020

Principal activities

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

- ▶ accounting, tax and audit services;
- ▶ financial advice in relation to investment, superannuation and personal insurance; and
- ▶ financial services being the operator of financial advice licence business.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$4,938,000 (30 June 2020: \$15,861,000).

The management team has been focussed on working with our member firms to improve the key financial, cultural and strategic drivers and grow by acquisitive activity which is reflected in the improved financial results for the year ending 30 June 2021.

COVID-19

There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies.

COVID-19 has had an initial adverse financial impact on the CountPlus business, however, in the year ended 30 June 2021 this has improved as clients accelerate work normally done in the second half of the financial year.

CountPlus received \$2,389,000 in COVID-19 related government grants in this reporting period.

Note that CountPlus' clientele is comprised of small, Australian-based businesses from a broad cross-section of industries.

Going forward, the Group is unable to determine if COVID-19 will have a material impact on its operations. The Company is managing the downside risk presented by COVID-19 via tight management of costs, a focus on working capital management and targeted deployment of capital and resources.

Capital management

Interest-bearing debt has decreased from \$4,731,000 at 30 June 2020 to \$4,328,000 at 30 June 2021. 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

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

On 1 July 2020, CountPlus Limited's accounting and business advisory firm Twomeys Group Pty Ltd, acquired various client accounting-based revenues of Cultiv8 Accounting Pty Ltd for \$0.30M. Twomeys also completed a 40% equity buy back by Key Management Personnel under the CountPlus 'Owner, Driver – Partner' model in two tranches for \$1.17M. CountPlus retains a 60% shareholding in Twomeys.

On 17 September 2020, CountPlus Limited's accounting and business advisory firm AdviceCo Pty Ltd, acquired the accounting revenue of Arch Capital Pty Ltd for \$0.40M.

On 30 September 2020, CountPlus Limited's wholly owned subsidiary, Cooper Reeves Pty Ltd, acquired the financial advice revenues of CBD Wealth Solutions Pty Ltd for \$0.59M.

On 6 October 2020, CountPlus Limited's accounting and business advisory firm Mogg Osborne Pty Ltd, acquired the NSW based business Freedom Accounting Group Pty Ltd for \$0.71M.

On 8 December 2020, CountPlus Limited's accounting and business advisory firm O'Brien Accountants and Advisors Pty Ltd acquired the accounting business of Hillard O'Donnell and Associates for \$0.57M.

On 19 March 2021, CountPlus Limited's accounting and business advisory firm Bentley's (WA) Pty Ltd, acquired 50% of Stirling Partners from Onesixtwo Pty Ltd for \$1.09M.

There were no other significant changes in the state of affairs of the Group during the financial year.

Dividends

Dividends paid / declared during the financial year were as follows:

Financial year ended	Franking	Status	Cents per share	Payment date
2020	Fully franked	Paid	1.25 (per fully paid share)	14 October 2020
2021	Fully franked	Paid	1.25 (per fully paid share)	14 April 2021
2021	Fully franked	Declared	1.50 (per fully paid share)	13 October 2021

Matters subsequent to the end of the financial year

On 14 July 2021, CountPlus Limited accounting and business advisory firm, NSW based Unite Advisory Pty Ltd (Unite) finalised terms to acquire 100% of the business of Bentley Brett & Vincent Pty Ltd. Simultaneously with this transaction, Unite will proceed with an equity buy-back program by Key Management Personnel, under the CountPlus OD-P™ model.

On 30 July 2021, CountPlus Limited finalised terms to sell the Audit and Corporate business units of accounting and business advisory firm Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd.

On 26 August 2021, the Directors resolved to declare a full year final dividend for FY21 of 1.50 cents (fully franked) to be paid on 13 October 2021 (Record date 25 September 2021).

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the consolidated entity's operations in future financial years;
- b) the results of those operations in future financial years; or
- c) the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

A letter has been sent to shareholders providing a report into the operational and strategic initiatives being driven by the Group. We are continuing to build the capacity to undertake merger and acquisition opportunities at a time of unprecedented change in our core business segments.

Our core business

The Group's core business is accounting, tax and audit services, financial advice in relation to investment, superannuation and personal insurance; and financial services being the operator of financial advice licence business. 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 two categories, operational and legislative. 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.

As part of the Group's operational risk, we are focused on the impact of COVID-19.

Operational risk

The main operational risk for our accounting and business advisory firms 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.

A further operational risk relates to inappropriate or inadequate client advice. 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 as of 30 June 2021 (\$200 million from 1 October 2019 to 29 June 2020 and \$210 million from 30 June 2020 to 30 July 2020). 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.

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.

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 accounting and business advisory firms;
- ▶ Expense management; failure to control expenses such as staff costs would result in earnings for CountPlus not reflecting revenue performance by accounting and business advisory firms; and
- ▶ Owner, Driver – Partner model: 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)

The remuneration report details the Key Management Personnel remuneration arrangements for CountPlus Limited ('CountPlus' or 'the Company'), in accordance with the requirements of the Corporations Act 2001 (Cth) ('the Act') and its Regulations.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The following Key Management Personnel are covered by this report:

Non-Executive Directors	Title / Committees	Changes during FY21
Ray Kellerman	Non-Executive Chairman Member, Remuneration and Nominations Committee	Relinquished membership of Audit and Risk Committee
Alison Ledger	Non-Executive Director Chair, Remuneration and Nominations Committee Member, Audit and Risk Committee	No change
Kate Hill	Non-Executive Director Chair, Audit and Risk Committee Member, Acquisitions Committee	No change
Andrew McGill	Non-Executive Director Chair, Acquisitions Committee Member, Remuneration and Nominations Committee Member, Technology and Innovation Committee	Appointed as member of Technology and Innovation Committee
Carolyn Colley	Non-Executive Director Chair, Technology and Innovation Committee Member, Audit and Risk Committee	Appointed 6 October 2020 Appointed as Chair of Technology and Innovation Committee Appointed as Member of Audit and Risk Committee
Executive Director		
Matthew Rowe	Chief Executive Officer Managing Director Member, Acquisitions Committee Member, Technology and Innovation Committee	Appointed as member of Technology and Innovation Committee
Other Key Management Personnel		
Laurent Toussaint	Chief Financial Officer and Company Secretary	No change
Graham McGeagh	Chief Operating Officer	No change
Narelle Wooden	General Counsel and Company Secretary	No change
Andrew Kennedy	Chief Advice Officer, Count Financial	No change

This section of the Directors' report has been audited by the external auditors, Grant Thornton, as required by section 308(3C) of the Act.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- ▶ competitiveness and reasonableness;
- ▶ acceptability to shareholders;
- ▶ performance linkage / alignment of executive compensation with the creation of shareholder value; and
- ▶ transparency.

The Remuneration and Nominations Committee ('the Committee') is responsible for determining and reviewing remuneration arrangements for its Directors and Executives. The performance of the Group depends on the quality of its Directors and Executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

The Committee's purpose is:

- ▶ Make recommendations to the Board in relation to the remuneration of Executive and Non-Executive Directors;
- ▶ Review and approve CEO and Senior Management remuneration policy for CountPlus; and
- ▶ Evaluate potential candidates for executive positions, oversee the development of executive succession plans and evaluate potential candidates for non-executive director positions.

Any decision made by the Committee concerning an individual Executive's remuneration is made without the Executive being present at the meeting.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- ▶ having profit as a core component of plan design;
- ▶ focusing on sustained growth in value for shareholders, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- ▶ attracting and retaining high calibre Executives.

Additionally, the reward framework should seek to enhance Executives' interests by:

- ▶ rewarding capability and experience;
- ▶ reflecting competitive reward for contribution to growth in shareholder wealth; and
- ▶ providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-Executive Directors remuneration

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 do not receive performance rights or other incentives.

ASX listing rules require that the aggregate remuneration for the Non-Executive Directors of the Company be approved by shareholders. The Group most recently obtained approval from its shareholders at its 2019 Annual General Meeting held on 19 November 2019 for a maximum annual aggregate remuneration of \$700,000.

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 four components:

- ▶ base pay and non-monetary benefits;
- ▶ short-term performance incentives;
- ▶ long term incentives including share-based payments; and
- ▶ other remuneration such as superannuation and long service leave.

The combination of these comprises the Executive's total remuneration.

Base pay, consisting of base salary, superannuation 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 short-term incentive ('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 long-term incentives ('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 in return on equity ('ROE') performance hurdles. The Committee reviews the long-term equity-linked performance incentives for executives annually.

Group performance and link to remuneration

Short term incentives are based on the achievement of a financial and non-financial balanced scorecard.

Long term incentives are based on Adjusted EPS Growth and ROE.

The table below provides a summary of the Group's earnings performance for the current and prior years:

	2021	2020	2019
Group Revenue (\$'000)	80,521	82,607	68,646
Adjusted NPAT attributable to CountPlus shareholders (\$'000)	5,298	5,950	3,681
Share price (\$)	1.00	0.90	0.81
Share of associates earnings (\$'000)	2,498	2,179	1,553
Dividends paid / declared (cents)	2.75	2.50	2.00
Adjusted EPS (cents)	4.75	5.37	3.33
Adjusted ROE (%)	7.06	9.68	6.50

Use of remuneration consultants

No remuneration consultants were engaged during the year ended 30 June 2021 (2020: nil).

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 99.7% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Service agreements

Non-Executive Directors

Non-Executive Directors do not have fixed-term contracts with the Group. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation.

Executive Key Management Personnel

Remuneration and other terms of employment for the Executive Director and other Key Management Personnel are formalised in employment contracts. Each of these agreements provide for the provision of performance related cash bonuses and other benefits (which may include car allowances, car parking and participation in any equity scheme). The major provisions of the agreements relating to remuneration are set out below.

Employee	Base salary*	Term of agreement	Notice period
Matthew Rowe	478,306	Five years**	Six months
Laurent Toussaint	333,306	No fixed term	Three months
Graham McGeagh	313,306	No fixed term	Three months
Narelle Wooden	293,306	No fixed term	Three months
Andrew Kennedy	303,306	No fixed term	Three months

* Excluding superannuation based on FY21 salaries. Refer to pages 24 to 25 for a detailed breakdown of the remuneration components.

** Matthew Rowe's agreement commenced on 24 February 2017.

On termination the Executive Director and other Key Management Personnel are entitled to the following benefits:

Resignation

On resignation, unless the Board determines otherwise, all unvested STI or LTI benefits are forfeited.

Statutory entitlements

Payment of statutory entitlements of long service leave and annual leave applies in all events of separation.

Death or total permanent disability

On death or total and permanent disability, the Board has discretion to allow all unvested STI and LTI benefits to vest.

Termination for serious misconduct

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.

Post-employment restraints

The CEO is subject to post-employment restraints of up to 12 months. All Other Executive KMP are subject to post-employment restraints for 6 months.

Short term incentive

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. 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.

Long term incentive

Executive Key Management Personnel may, at the discretion of the Board, be granted Performance Rights, which are contractual rights to receive shares in the Group if nominated performance milestones are achieved. These Performance Rights are designed to align a proportion of Executive Key Management Personnel's remuneration with shareholder value over the longer term subject to the satisfaction of various performance milestones, as described on page 28 to 29 of this report.

Details of remuneration

Remuneration of Key Management Personnel of the Group are set out in the following tables.

	Short term benefits			Post-employment benefits	Long term benefits	Share based expense ²	Total	% Variable remuneration
	Cash salary and fees	Cash bonus ³	Non-monetary	Superannuation	Long service leave	Equity-settled		
	\$	\$	\$	\$	\$	\$	\$	%
2021								
Non-Executive Directors								
Ray Kellerman	136,986	–	–	13,014	–	–	150,000	0%
Alison Ledger	82,192	–	–	7,808	–	–	90,000	0%
Kate Hill	82,192	–	–	7,808	–	–	90,000	0%
Andrew McGill	82,192	–	–	7,808	–	–	90,000	0%
Carolyn Colley ¹	57,675			5,479			63,154	0%
Executive Director								
Matthew Rowe	478,306	135,106	–	21,694	15,423	106,627	757,156	32%
Other Key Management Personnel								
Laurent Toussaint	333,306	65,545	–	21,694	6,348	26,121	453,014	20%
Graham McGeagh	313,306	52,856	–	21,694	3,129	23,624	414,609	18%
Narelle Wooden	293,306	54,862	–	21,694	2,814	20,000	392,676	19%
Andrew Kennedy	298,425	16,969	4,881	21,694	11,466	11,025	364,460	8%
Total	2,157,886	325,338	4,881	150,387	39,180	187,397	2,865,069	

¹ Carolyn Colley was appointed on 6 October 2020.

² Represents the value calculated in accordance with AASB 2 Share Based Payment of performance rights granted as part of the long term incentive.

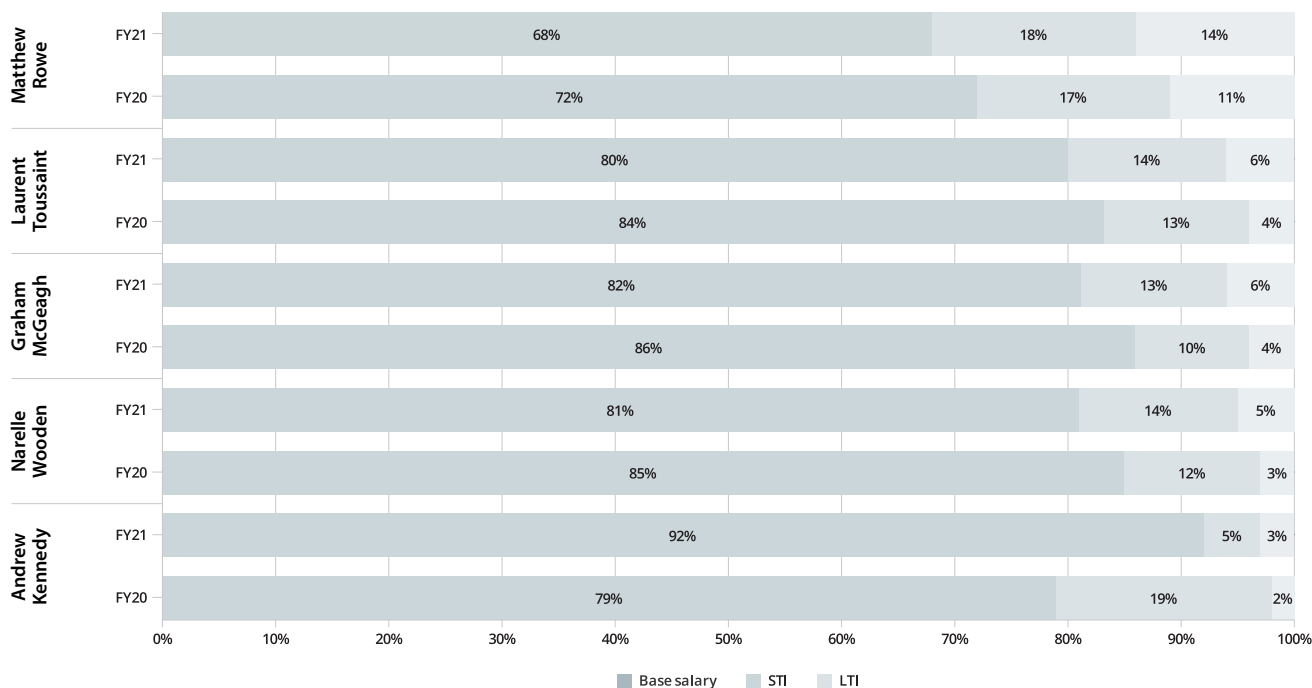
³ The STI award date was 5 August 2021.

2020	Short term benefits			Post-employment benefits	Long term benefits	Share based expense ²	Total	% Variable remuneration
	Cash salary and fees	Cash bonus ⁵	Non-monetary	Superannuation	Long service leave	Equity-settled		
	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors								
Ray Kellerman	136,986	–	–	13,014	–	–	150,000	0%
Alison Ledger	82,192	–	–	7,808	–	–	90,000	0%
Kate Hill	82,192	–	–	7,808	–	–	90,000	0%
Andrew McGill	82,192	–	–	7,808	–	–	90,000	0%
Executive Director								
Matthew Rowe	459,119	117,000	–	21,003	9,006	71,556	677,684	28%
Other Key Management Personnel								
Laurent Toussaint	328,164	53,500	–	21,003	3,049	14,888	420,604	16%
Graham McGeagh	308,164	38,548	–	21,003	1,009	13,977	382,701	14%
Narelle Wooden	291,497	44,000	–	21,003	886	10,401	367,787	15%
Andrew Kennedy ⁴	134,422	36,480	–	9,290	3,640	3,675	187,507	21%
Total	1,904,928	289,528	–	129,740	17,590	114,497	2,456,283	

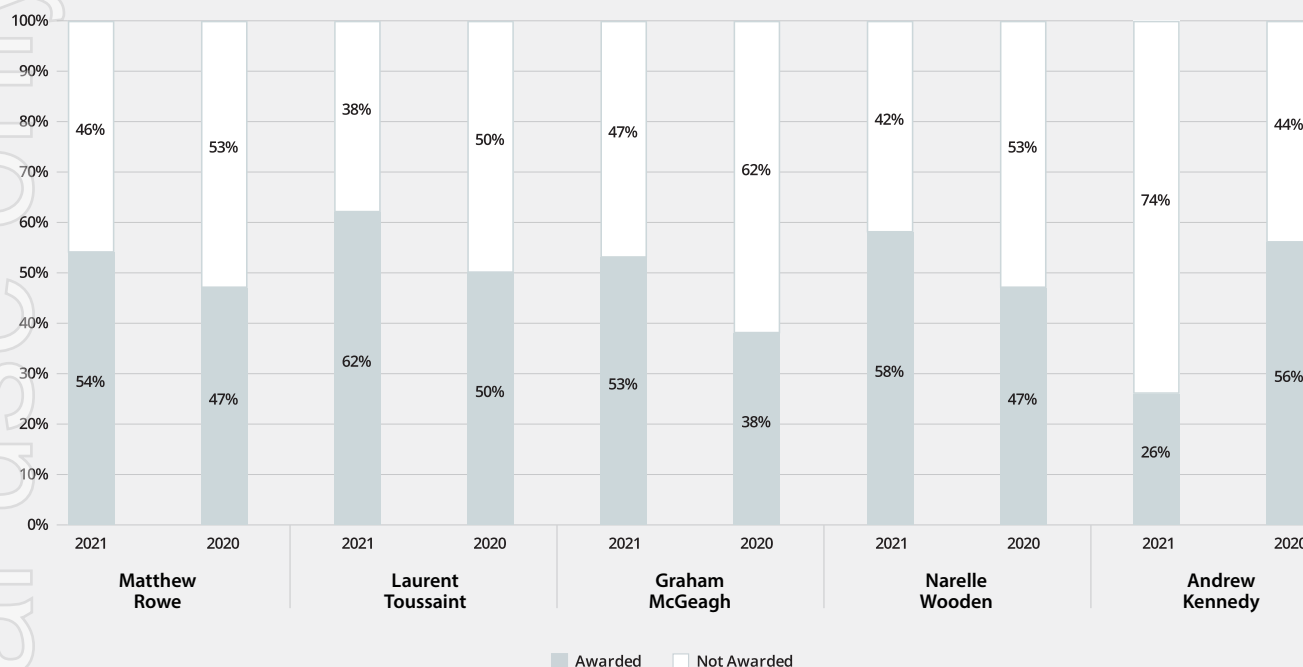
⁴ Andrew Kennedy was appointed a Chief Advice Officer of Count Financial on 13 January 2020.

⁵ The STI award date was 27 August 2020.

The below graph shows the package mix of Key Management Personnel's remuneration for FY21 and FY20.



The graph below shows the FY21 and FY20 STI awarded as a percentage of maximum opportunity.



Shares held by Key Management Personnel

The number of shares in CountPlus Limited held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions*	Disposals / other	Balance at the end of the year
Ray Kellerman	907,000	–	893,000	–	1,800,000
Alison Ledger	10,000	–	–	–	10,000
Kate Hill	200,000	–	–	–	200,000
Andrew McGill	10,000	–	–	–	10,000
Carolyn Colley	–	–	6,000	–	6,000
Matthew Rowe	1,485,000	67,347	847,653	–	2,400,000
Laurent Toussaint	20,000	–	–	–	20,000
Graham McGeagh	28,330	–	–	–	28,330
Andrew Kennedy	10,394	–	–	–	10,394
Total	2,670,724	67,347	1,746,653	–	4,484,724

* All additions during the year were from on-market purchases.

No other Key Management Personnel have an interest in CountPlus shares.

Equity plans

Historically CountPlus operated three equity plans for employees: a loan funded share plan, an employee loyalty equity plan, and a long term incentive plan. Two plans have been closed and the remaining equity plan is the long term incentive plan.

Long term incentive plan

Performance Rights are issued by the Group to Key Management Personnel under its long term incentive plan at the discretion of the Board.

The purpose of this incentive plan is to align the remuneration of Executive Key Management Personnel with shareholder value, while retaining key executives.

This long term incentive plan offers Performance Rights in CountPlus subject to the satisfaction of the relevant performance milestones, as well as service and other conditions, at the relevant vesting date. All equity grants are made after the AGM each year. Executives must still be employed by CountPlus to be eligible to receive the Performance Rights.

See below summary of the long term incentive plan and performance rights in place:

Plan	Grant date	Expiry date	Total performance shares granted	Exercised	Forfeited	Total balance at end of the year
2020 LTI award	18/11/2020	20/12/2024	599,220	–	–	599,220
2019 LTI award	19/11/2019	20/12/2023	567,415	–	–	567,415
2018 LTI award	19/11/2018	20/12/2022	386,706	–	–	386,706
2017 LTI award	23/11/2017	22/11/2020	134,693	(67,347)	(67,346)	–
			1,688,034	(67,347)	(67,346)	1,553,341

Summary of performance rights issued

The table below outlines performance rights granted to each Executive KMP:

Participant	Plan	Performance Rights issued	Fair value per right \$	Total fair value \$
Matthew Rowe*	2020	361,150	1.03835	375,000
	2019	358,943	1.0447	375,000
	2018	140,182	0.5850	82,000
	2017	134,693	0.6088	82,000
		994,968		914,000
Laurent Toussaint	2020	64,333	1.03835	66,800
	2019	63,939	1.0447	66,799
	2018	102,555	0.5850	59,990
	2017	–	–	–
		230,827		193,589
Graham McGeagh	2020	60,481	1.03835	62,800
	2019	60,110	1.0447	62,799
	2018	96,110	0.5850	56,220
	2017	–	–	–
		216,701		181,819
Narelle Wooden	2020	56,628	1.03835	58,800
	2019	56,282	1.0447	58,799
	2018	47,859	0.5850	27,995
	2017	–	–	–
		160,769		145,594
Andrew Kennedy	2020	56,628	1.03835	58,800
	2019	28,141	1.0447	29,400
	2018	–	–	–
	2017	–	–	–
		84,769		88,200
Total		1,688,034		1,523,202

* Approval for the issue of the Performance Rights to Matthew Rowe was obtained from shareholders under ASX Listing Rule 10.14.

Performance milestones and vesting schedule

Each Performance Right is issued by the Group and vests into one ordinary share in the Group. Performance Rights carry no dividend or voting rights. For Performance Rights to vest, the relevant Executive must remain employed or engaged by the Group at the relevant vesting date and the relevant performance milestones must be satisfied. The number of performance rights that vest is dependent on the extent to which the performance milestone meets a range of values (as described below) as at the relevant vesting date. The Performance Rights vest on a straight-line basis between the set range of values specified for each performance milestone.

No exercise price is payable by an Executive on vesting of a Performance Right. If the minimum set value for each performance milestone is not satisfied on particular vesting date, the relevant Performance Rights lapse.

The performance hurdles are growth in EPS and ROE. These were chosen because the Group believes they align with the Group's strategy and shareholder interests and best reflect the key financial performance metrics of the Group and strike an appropriate balance between growth and long-term profitability.

When EPS growth of 10% to 12.5% or more is generated, tranche 1 vests on a straight-line basis between 20% and 100%.

When ROE of 9% to 15% or more is generated, tranche 2 vests on a straight-line basis between 10% and 100%.

Vesting schedule

Award	Term
2020	Four years
2019	Four years
2018	Four years
2017	Three years

In FY21, the 2017 LTI award vested and 67,347 ordinary shares were exercised. This represented the EPS tranche which is the only tranche that vested.

Diluted EPS Growth Hurdle (50%)

For all current awards on issue the first performance milestone is based on whether the Group's earnings per share achieves or exceeds a diluted compound earnings growth rate as set out below over the consecutive financial years of the award.

Diluted EPS Growth	% of Performance Rights vesting
< 10% per annum	0%
= or > 10% per annum	20% – 99%
= or > 12.5% per annum	100%

Average ROE Hurdle (50%)

For the 2018, 2019 and 2020 awards on issue the second performance milestone is based on whether the Group's return on equity meets or exceeds the returns set out below over the consecutive financial years of the award.

Average ROE	% of Performance Rights vesting
< 9% per annum	0%
= or > 9% per annum	10% – 99%
= or > 15% per annum	100%

For the 2017 awards on issue the second performance milestone is based on whether the Group's return on equity meets or exceeds the returns set out below over the consecutive financial years of the award.

CAGR ROE	% of Performance Rights vesting
< 12% per annum	0%
= or > 12% per annum	20% – 99%
= or > 15% per annum	100%

Other transactions with Key Management Personnel

Managing Director and CEO Matthew Rowe is a Director and indirect shareholder of My Accounts Pty Ltd ('My Accounts'). In FY21 CountPlus used the services of My Accounts for which it paid \$43,600 (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 2021 financial year.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 36 to the financial statements.

The Board, via the Audit and Risk Committee, has a formal policy on the provision of auditing and related services. Specifically, the external auditor is precluded from the provision of any services that might threaten its independence or conflict with its assurance and compliance role. The policy provides that all non-audit services by the external auditor are pre-approved by the Chair of the Audit and Risk Committee. Semi-annual reports on the provision of auditing and related services are provided to the Board through the Audit and Risk Committee.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- ▶ all non-audit services with pre-approved by the Chair of the Audit and Risk Committee with consideration given to the nature of the services, the suitability of the proposal of the audit firm compared with other tenderers and the quantum of fees involved;
- ▶ all non-audit services have been considered specifically to ensure that they do not impact the integrity and objectivity of the auditor; and
- ▶ none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks and rewards.

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 2021
Sydney

Auditor's Independence Declaration



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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 2021, 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Thomas
Partner – Audit & Assurance

Sydney, 26 August 2021

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www.grantthornton.com.au

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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

CHIEF FINANCIAL OFFICER

Laurent Toussaint

COMPANY SECRETARY

Laurent Toussaint

Narelle Wooden

**Company Matters Pty Ltd
(William Hundy)**
Resigned 30 October 2020

Robert Alan Shedden
*Appointed 10 November 2020
Resigned 16 March 2021*

Doug Richardson
Appointed 8 June 2021

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Services Pty Ltd**
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Telephone +61 2 8234 5000

INDEPENDENT AUDITOR

**Grant Thornton
Audit Pty Ltd**
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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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue from contracts with customers	5	80,521	82,607
Other income	6	3,530	2,141
Interest income		53	163
Gain on bargain purchase		–	10,952
Expenses			
Salaries and employee benefits expense	7	(53,362)	(52,748)
Depreciation expense		(4,133)	(3,964)
Premises expenses		(1,748)	(1,621)
Acquisition related expenses		(334)	(427)
Amortisation expense	19	(1,377)	(1,402)
Share based payment expense		(187)	(115)
Reversal of impairment / (impairment) of receivables	11	422	(528)
Finance costs		(1,059)	(1,108)
Other operating expenses	8	(15,261)	(16,664)
Total expenses		(77,039)	(78,577)
Share of net profits of associates accounted for using equity method	20	2,498	2,179
Profit before income tax expense		9,563	19,465
Income tax expense	9	(2,479)	(2,017)
Profit after income tax expense for the year		7,084	17,448
Other comprehensive income for the year, net of tax		(23)	(10)
Total comprehensive income for the year		7,061	17,438
Profit for the year is attributable to:			
Owners of CountPlus Limited		4,938	15,861
Non-controlling interest	31	2,146	1,587
		7,084	17,448
Total comprehensive income for the year is attributable to:			
Owners of CountPlus Limited		4,915	15,851
Non-controlling interest		2,146	1,587
		7,061	17,438
		Cents	Cents
Basic earnings per share	44	4.43	14.30
Diluted earnings per share	44	4.39	14.24

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 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	10	26,239	25,842
Trade and other receivables	11	19,514	19,711
Contract assets	12	12,926	14,730
Loans and advances	13	236	424
Indemnity asset	15	259,810	195,000
		318,725	255,707
Assets of disposal groups classified as held for sale	16	2,726	–
Total current assets		321,451	255,707
Non-current assets			
Trade and other receivables	11	490	245
Contract assets	12	21,839	25,673
Investments in associates	20	18,236	17,629
Property, plant and equipment	17	4,006	4,078
Right-of-use assets	18	13,103	13,950
Intangible assets	19	36,514	36,741
Deferred taxation	14	1,024	–
Total non-current assets		95,212	98,316
Total assets		416,663	354,023
Liabilities			
Current liabilities			
Trade and other payables	21	14,201	13,633
Contract liabilities	22	10,332	12,925
Interest bearing loans and borrowings	23	2,610	3,359
Lease liabilities	24	3,439	3,321
Current tax liabilities	14	1,403	1,278
Provisions	26	6,797	6,002
Remediation provision	27	259,827	195,030
Other liabilities	25	1,116	925
Total current liabilities		299,725	236,473
Non-current liabilities			
Trade and other payables	21	–	40
Contract liabilities	22	20,668	24,158
Interest bearing loans and borrowings	23	1,718	1,372
Lease liabilities	24	10,994	12,041
Deferred taxation	14	–	215
Provisions	26	966	1,010
Other liabilities	25	770	602
Total non-current liabilities		35,116	39,438
Total liabilities		334,841	275,911
Net assets		81,822	78,112
Equity			
Contributed equity	28	123,153	123,065
Reserves	29	(47,767)	(47,913)
Accumulated losses	30	(4,217)	(6,435)
Capital and reserves attributable to the owners of CountPlus Limited		71,169	68,717
Non-controlling interest	31	10,653	9,395
Total equity		81,822	78,112

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 2021

	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 (note 32)**	–	–	–	–	–	(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

	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 2019	126,566	(4,983)	1,486	(48,548)	–	(20,487)	54,034	6,232	60,266
Profit after income tax expense for the year	–	–	–	–	–	15,861	15,861	1,587	17,448
Other comprehensive income for the year, net of tax	–	–	–	–	(10)	–	(10)	–	(10)
Total comprehensive income for the year	–	–	–	–	(10)	15,861	15,851	1,587	17,438
Transactions with owners in their capacity as owners									
Transactions with non-controlling interests (NCI)	–	–	–	–	–	117	117	2,365	2,482
Share based payments for long term incentives (LTI)	–	–	115	–	–	–	115	–	115
Transfer of treasury shares	–	1,482	(376)	–	–	–	1,106	–	1,106
Reallocation of employee share reserve	–	–	(580)	–	–	580	–	–	–
Dividends paid (note 32)**	–	–	–	–	–	(2,506)	(2,506)	(789)	(3,295)
Balance at 30 June 2020	126,566	(3,501)	645	(48,548)	(10)	(6,435)	68,717	9,395	78,112

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

* 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.

** This amount includes the dividends applied to the Loan Funded Share Plan.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		146,365	151,237
Payments to suppliers and employees (inclusive of GST)		(134,268)	(137,759)
Government grants received		2,389	1,549
		14,486	15,027
Interest received		37	143
Interest and other finance costs paid		(1,062)	(1,108)
Income taxes paid		(3,865)	(1,625)
Net cash from operating activities	43	9,596	12,437
Cash flows from investing activities			
Payment for acquisition of associates	20	–	(2,988)
Payment for completion adjustment of acquisition of subsidiary		–	(24,286)
Cash acquired from acquisition of subsidiary, net of cash paid		–	32,699
Purchase of shares under Owner, Driver – Partner model		(220)	(128)
Proceeds from payment adjustment – associates		69	–
Purchase of business assets		(2,798)	(819)
Purchase of equipment and other non-current assets	17	(1,442)	(1,785)
Proceeds from sales under the Owner, Driver – Partner model		979	357
Proceeds received in advance for sales under Owner, Driver – Partner model		–	452
Proceeds from sale of property, plant and equipment and business units		–	13
Proceeds from sale of business assets		449	–
Dividends / distributions received from associates		1,821	1,596
Payment for deferred consideration on acquisition of controlled entities and associates	25	(464)	(206)
Net cash (used in) / from investing activities		(1,606)	4,905
Cash flows from financing activities			
Proceeds from borrowings		963	3,741
Proceeds from Loan Funded Share Plan		–	1,104
Repayment of lease liability		(3,005)	(2,923)
Dividends paid	32	(2,789)	(2,506)
Repayment of borrowings		(1,000)	(385)
Payment of dividends by controlled subsidiaries to non-controlling interests		(1,762)	(789)
Net cash used in financing activities		(7,593)	(1,758)
Net increase in cash and cash equivalents		397	15,584
Cash and cash equivalents at the beginning of the financial year		25,842	10,258
Cash and cash equivalents at the end of the financial year	10	26,239	25,842

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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 2021 ('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 2021.

2 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 judgements

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 3.

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 46.

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 2021

New or amended Accounting Standards and Interpretations adopted

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- ▶ AASB 2018–7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- ▶ AASB 2018–6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- ▶ AASB 2019–3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- ▶ AASB 2019–5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]
- ▶ Conceptual Framework for Financial Reporting and AASB 2019–1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- ▶ AASB 2020–3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141]
- ▶ AASB 2020–4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions [AASB 16]

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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 2021 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 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 [AASB 9, AASB 139 and AASB 7]

Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of CountPlus Limited and its subsidiaries as at 30 June 2021 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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 50% 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 Group 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 financial 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Dividends

Dividends are recognised when declared during the financial year.

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.

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.

3 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 (refer to the respective notes) within the next financial year are discussed below.

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 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;
- ▶ Employment expense ratio;
- ▶ EBITA margin;
- ▶ Discount rates; and
- ▶ Long term growth rate (terminal rate).

Acquired client relationships are tested for impairment whenever there is an indication that the intangible asset may be impaired. This assessment is made at least on an annual basis. The net carrying value is compared with the expected future benefits from the relationships for each cash generating unit. If the carrying value of the relationships is higher than the expected future benefits an impairment loss is recorded for the difference.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Allowance for expected credit losses of receivables

Where receivables are outstanding beyond the normal trading terms, the recovery likelihood of these receivables is assessed and reviewed by management. Outstanding debts that are deemed to be uncollectable are written off when identified. Historical experience and information of the Group's client base 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.

Allowance for expected credit losses of contract assets

The recoverability of contract assets are assessed and reviewed by management on a regular basis. Any amounts in excess of net recoverable value are written off when identified. Historical experience and information of the Group's client base are considered when determining the allowance for expected credit losses.

Remediation provision

The key accounting judgments 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 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.

Contingent consideration

Some acquisitions involve the payment of contingent 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 component of contingent 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 contingent consideration, using a risk adjusted discount rate.

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.

Deferred taxes

The Consolidated entity 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.

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.

In addition, CountPlus has recognised a deferred tax asset on tax capital losses. CountPlus plans to continue with the successful Owner, Driver – Partner model which is expected to result in transactions with core firms 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 predefined 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

Contract asset – ongoing insurance trail commissions receivable

The key assumptions underlying the ongoing insurance trail commission asset include the remaining life of the product and the likely run off of products over time. It has been assumed that the insurance policies have a remaining life of five years and that 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.

Contract liability – ongoing insurance trail commission payable

The key assumptions underlying the ongoing insurance trail commission 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 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 93.5% (2020: 93%) 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.

4 Operating segments

Identification of reportable operating segments

The consolidated entity is organised into four 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, and business and corporate advisory services.
- ▶ **Financial planning** which comprises of financial planning services offered by member firms.
- ▶ **Financial services** which comprises of financial planning services provided by Australian Financial Services licence (AFSL) holders.
- ▶ **Other** which mainly comprises of information technology related revenue, legal related revenue, conference and insurance related revenue.

The CODM reviews contribution margin (revenue less salaries and superannuation) to assess the performance of the operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Operating segment information

2021	Accounting	Financial planning	Financial services	Other	Total
Revenue (\$'000)	52,681	11,379	8,725	7,736	80,521
Segment contribution (\$'000)	24,967	4,871	3,654	2,513	36,005
Segment contribution margin %	47%	43%	42%	32%	45%

2020	Accounting	Financial planning	Financial services	Other	Total
Revenue (\$'000)	51,975	11,779	12,515	6,338	82,607
Segment contribution (\$'000)	24,012	5,742	7,739	55	37,548
Segment contribution margin %	46%	49%	62%	1%	45%

Reconciliation of segment contribution margin to profit from operations before income tax.

	2021 \$'000	2020 \$'000
Total contribution margin	36,005	37,548
Other income and interest income	3,583	2,304
Share of net profit of associates	2,498	2,179
Gain on bargain purchase	–	10,952
Amortisation and depreciation expense	(5,510)	(5,366)
Finance costs	(1,059)	(1,108)
Premises expenses	(1,748)	(1,621)
Other costs	(24,206)	(25,423)
Profit from operations before income tax	9,563	19,465

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

Other costs include \$13,086,000 (2020: \$12,674,000) of salaries and employee benefit expense that are not included in contribution margin.

5 Revenue from contracts with customers

	2021 \$'000	2020 \$'000
Accounting services revenue	52,681	51,975
Financial planning revenue	11,379	11,779
Financial services revenue	8,725	12,515
Other operating revenue	7,736	6,338
Revenue from contracts with customers	80,521	82,607

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2021 \$'000	2020 \$'000
Timing of revenue recognition		
Transferred at a point in time	20,104	30,632
Transferred over time	60,417	51,975
	80,521	82,607

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Accounting services revenue

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

Financial planning revenue

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

Financial services revenue

Financial services revenue includes revenue generated from services performed by authorised representatives of Count Financial and Total Financial Solutions Australia Limited (TFS) (both Australian Financial Services Licence holders) and product margin rebates that are paid by product providers to TFS and Count Financial. Count Financial and TFS are considered to be acting as agent under the requirements of AASB 15 Revenue from Contracts with Customers. 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.

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 Group's products and services, for accounting and financial planning 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 and financial planning 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.

Financial services revenue

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

Financial services 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 month 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 advisers and end customers. These fees are recognised and charged over the length of the service.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

(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.

(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.

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).

6 Other income

	2021 \$'000	2020 \$'000
Gain on deferred consideration	355	88
Gain on disposal of intangible assets	396	–
Gain on lease variation	110	152
Other income	280	352
Government grants	2,389	1,549
Other income	3,530	2,141

Government grants

The Company received Jobkeeper payments from the Australian Government in support of businesses significantly affected by COVID-19.

Significant accounting policy

Government grants

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.

7 Salaries and employee benefits expense

	2021 \$'000	2020 \$'000
Wages, salaries and on-costs	44,437	43,402
Post-employment benefits expenses	3,862	3,771
Other employee benefit expenses	5,063	5,575
	53,362	52,748

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

8 Other operating expenses

	2021 \$'000	2020 \$'000
Audit fees	437	431
Legal fees	381	519
Accounting and other professional fees	760	1,016
Sales and marketing expenses	1,108	790
Administration expenses	2,260	2,318
Insurance expense	3,396	3,392
Technology expense	6,156	6,196
Net loss / (gain) on disposal of property, plant and equipment	26	(5)
Count Financial transition expenses	–	1,214
Other	737	793
	15,261	16,664

9 Income tax expense

	2021 \$'000	2020 \$'000
Income tax expense		
Current tax	3,530	2,567
Deferred tax – origination and reversal of temporary differences	(1,061)	(603)
Over provision	10	53
Aggregate income tax expense	2,479	2,017
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	(18,251)	(4,179)
Increase in deferred tax liabilities	17,190	3,576
Deferred tax – origination and reversal of temporary differences	(1,061)	(603)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	9,563	19,465
Tax at the statutory tax rate of 30%	2,869	5,840
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible depreciation and amortisation	17	8
Gain on deferred consideration	(110)	(27)
Gain on bargain purchase	–	(3,286)
Taxable capital gain on exit of tax consolidated group	7	–
Benefit on trail commission	(8)	(22)
Share of equity accounted investments	(709)	(632)
Taxable capital gain on sale of subsidiary	178	–
Non-deductible expenses	199	207
Non-taxable income	(37)	(76)
Taxable capital gain on sale of shares	93	10
Initial recognition of deferred tax asset on capital losses	–	(2)
Profit on disposal of parcel of fees	(119)	(20)
Taxable capital gain on disposal of fees	80	–
Sundry items	9	(36)
	2,469	1,964
Over provision in prior years	10	53
Income tax expense	2,479	2,017

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

10 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Current assets		
Cash at bank	26,239	25,842
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	26,239	25,842

Risk exposure

The Group's exposure to interest rate risk is discussed in note 34. 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

For the Year Ended 30 June 2021

11 Trade and other receivables

	2021 \$'000	2020 \$'000
Current assets		
Trade receivables	8,992	9,633
Less: Allowance for expected credit losses	(247)	(558)
	8,745	9,075
Other receivables	789	1,790
Prepayments	3,065	1,518
Rebates and adviser revenue receivable	6,915	7,328
	10,769	10,636
	19,514	19,711
Non-current assets		
Other receivables	490	245

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:

	2021 \$'000	2020 \$'000
Current	6,248	6,140
0 to 3 months	1,114	1,399
3 to 6 months	996	887
Over 6 months	634	1,207
	8,992	9,633

Trade receivables are non-interest bearing and are generally on 30-day terms. Allowance for expected losses is recognised when there is objective evidence that a trade receivable is impaired and is based on the Group policies. These amounts have been included on the face of the Statement of Profit or Loss and Other Comprehensive Income.

Allowance for expected credit losses

As at 30 June, the ageing of the allowance for expected credit losses is as follows:

	2021 \$'000	2020 \$'000
Current	15	3
0 to 3 months overdue	2	3
3 to 6 months overdue	85	151
Over 6 months overdue	145	401
	247	558

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

	2021 \$'000	2020 \$'000
Opening balance	(558)	(570)
Changes in allowance for expected credit losses	422	(528)
Receivables written off / (recovered) during the year as uncollectable	(111)	540
Closing balance	(247)	(558)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

The creation and release of the allowance for expected credit losses has been included on the face of the Statement of Profit or Loss and Other Comprehensive Income. 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 34 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.

The allowance for expected losses of receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate if the impact of discounting is considered material.

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. Where receivables are outstanding beyond the normal trading terms, the recovery likelihood of these receivables is assessed and reviewed by management. Outstanding debts that are deemed to be uncollectable are written off when identified. Historical experience and information of the Group's client base are considered when determining the allowance for expected credit losses.

12 Contract assets

	2021 \$'000	2020 \$'000
Current assets		
Contract assets	3,625	3,983
Allowance for expected credit losses of contract assets	(209)	(387)
Ongoing insurance trail commission receivable	9,630	11,273
Loss allowance on trail commission receivable	(120)	(139)
	12,926	14,730
Non-current assets		
Ongoing insurance trail commission receivable	22,096	25,976
Loss allowance on trail commission receivable	(257)	(303)
	21,839	25,673

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Ageing of contract assets

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

	2021 \$'000	2020 \$'000
Current	1,379	1,742
1 to 3 months	901	1,040
3 to 6 months	595	676
Over 6 months	750	525
	3,625	3,983

Movement and ageing of allowance for expected credit losses

At 30 June, the movement in provision for allowance of expected credit losses is as follows:

	2021 \$'000	2020 \$'000
At 1 July	(387)	(171)
Allowance for expected credit losses recognised in the year	178	(216)
	(209)	(387)

At 30 June, the ageing of the allowance for expected credit losses is as follows:

	2021 \$'000	2020 \$'000
Current	–	–
0 to 3 months	19	35
3 to 6 months	38	70
Over 6 months	152	282
	209	387

The maximum exposure to credit risk at reporting date is the carrying amount of each class of asset mentioned above. Refer to note 34 for more information on the risk management policy of the Group.

Movement in ongoing insurance trail commission receivable

	\$'000
Balance at 1 July 2019	–
Ongoing insurance trail commission receivable acquired	24,590
Amount recognised in revenue from contracts with customers	20,728
Receipt of ongoing insurance trail commission	(8,069)
Balance at 30 June 2020	37,249
Amount recognised in revenue from contracts with customers	6,537
Receipt of ongoing insurance trail commission	(12,060)
Balance at 30 June 2021	31,726

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Significant accounting judgements, estimates and assumptions

Allowance for expected credit losses

The recoverability of contract assets is assessed and reviewed by management on a regular basis. The allowance for expected credit losses of contract assets assessment requires a degree of estimation and judgement. The level of expected credit losses is assessed by considering the ageing of contract assets, historical billing and collection rates and specific knowledge of the individual customer's financial position.

Ongoing insurance trail commissions

The key assumptions underlying the ongoing insurance trail commission asset include the remaining life of the product and the likely run off of products over time. It has been assumed that the insurance policies have a remaining life of 5 years and that 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.

13 Loans and advances

	2021 \$'000	2020 \$'000
Current assets		
Loans and advances	236	424

Included in above loans and advances is an amount receivable from Count Member Firm Pty Ltd of \$197,000 (2020: \$395,000).

14 Tax assets and liabilities

Current tax assets and liabilities

	2021 \$'000	2020 \$'000
Current tax payable	(1,403)	(1,278)

Deferred tax assets

	2021 \$'000	2020 \$'000
The balance comprises temporary differences attributable to:		
Bonus provision	45	–
Employee liabilities (annual leave and long service leave)	2,158	1,954
Allowance for expected credit losses – trade receivables	100	199
Professional fees	12	10
Make good	51	51
Accruals	389	377
Contract liability – accrued trail commission expense	8,902	10,392
Tax losses	888	697
Right-of-use asset	608	525
Depreciation	124	130
Remediation provision	77,958	58,516
Other	151	86
Total deferred tax assets	91,386	72,937
Set-off of deferred tax liabilities pursuant to set-off provisions	(90,362)	(72,937)
Net deferred tax assets	1,024	–

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Movements in deferred tax assets

	\$'000
At 1 July 2019	3,013
Charged to income tax expense	4,178
Charged directly to equity	438
Deferred tax balance on acquisition of subsidiary	6,861
Deferred tax balance on remediation provision	58,500
Decrease in tax losses	(53)
At 30 June 2020	72,937
At 1 July 2020	72,937
Charged to income tax expense	18,251
Deferred tax balance on acquisition of subsidiary	14
Increase in tax losses	191
Under provision in prior year	(7)
As at 30 June 2021	91,386

Deferred tax liabilities

	2021 \$'000	2020 \$'000
The balance comprises temporary differences attributable to:		
Work in progress	1,025	1,042
Prepaid expenses	8	19
Fair valued intangible assets	1,970	2,241
Accrued income	2	171
Contract asset – accrued trail commission income	9,405	11,175
Indemnity asset	77,941	58,500
Other	11	4
Total deferred tax liabilities	90,362	73,152
Set-off of deferred tax assets pursuant to set-off provisions	(90,362)	(72,937)
Net deferred tax liabilities	–	215

Movements in deferred tax liabilities

	Fair valued intangible assets \$'000	Other \$'000	Total \$'000
At 1 July 2019	1,384	1,079	2,463
Net deferred tax balance on acquisition of subsidiaries*	1,236	7,377	8,613
Deferred tax balance on indemnity asset	–	58,500	58,500
Charged to the income tax expense	(379)	3,955	3,576
At 30 June 2020	2,241	70,911	73,152
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

* Includes business assets acquired by member firms.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Significant accounting judgements, estimates and assumptions

Deferred 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

CountPlus has recognised a deferred tax asset on tax capital losses. CountPlus plans to continue with the successful Owner, Driver – Partner model which is expected to result in transactions with core firms 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.

15 Indemnity asset

	2021 \$'000	2020 \$'000
Current assets		
Indemnity asset	259,810	195,000

Indemnity asset

Included in the Statement of Financial Position of Count Financial is a provision for remediation amounting to \$259,810,000. A corresponding indemnity asset has been recognised which represents an amount receivable pursuant to an indemnity deed granted by the Commonwealth Bank of Australia. 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 period prior to the purchase of Count Financial by CountPlus.

The indemnity provided by Commonwealth Bank of Australia (CBA) relates directly to the remediation provision. The indemnity granted by CBA upon acquisition was \$200,000,000. The indemnity increased to \$210,000,000 at 30 June 2020 and subsequently increased to \$300,000,000 at 30 July 2020. The indemnity at 30 June 2021 was \$300,000,000. The indemnity is subject to renegotiation if some of the underlying assumptions behind the provision are reassessed. Refer to note 27 for further information on the provision for remediation.

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

16 Assets of disposal groups classified as held for sale

In June 2021 the CountPlus Board of Directors approved the proposed sale of the Bentleys audit and corporate finance businesses. Consequently all assets related to the sale were classified as a disposal group. Measurement of the disposal group's assets did not result in any gain or loss. The sale does not result in a discontinued operation as CountPlus services audit clients across other subsidiaries. The remaining Bentleys business and related operations remain with CountPlus.

The carrying amount of assets and liabilities in the disposal group are disclosed in the table below:

	\$'000
Goodwill	1,826
Acquired client relationship	937
Deferred tax liability	(42)
Property, plant and equipment	5
Total	2,726

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

17 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 vehicles \$'000	Total \$'000
Balance at 1 July 2019	1,363	842	1,140	309	43	3,697
Additions	490	150	1,023	2	21	1,686
Disposals	(20)	(25)	(4)	–	(9)	(58)
Transfers in / (out)	(200)	(4)	202	(230)	–	(232)
Depreciation expense	(485)	(195)	(295)	(30)	(10)	(1,015)
Balance at 30 June 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

	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 2020						
Cost	4,002	2,915	3,014	942	69	10,942
Accumulated depreciation	(2,854)	(2,147)	(948)	(891)	(24)	(6,864)
Net book value	1,148	768	2,066	51	45	4,078
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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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 amounts. These are included in profit or loss.

18 Right-of-use assets

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
Non-current assets		
Premises – right-of-use	24,345	22,194
Less: Accumulated depreciation	(11,516)	(8,607)
	12,829	13,587
Office equipment – right-of-use	709	687
Less: Accumulated depreciation	(441)	(338)
	268	349
Others – right-of-use	15	41
Less: Accumulated depreciation	(9)	(27)
	6	14
Balance at 30 June	13,103	13,950

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	Total \$'000
At 1 July 2019	–	–
Adoption of AASB16	11,152	11,152
Additions	5,749	5,749
Disposals	(2)	(2)
Depreciation expense	(2,949)	(2,949)
At 30 June 2020	13,950	13,950
At 1 July 2020	13,950	13,950
Additions	2,208	2,208
Depreciation expense	(3,055)	(3,055)
At 30 June 2021	13,103	13,103

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

19 Intangible assets

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 2019	27,800	4,895	130	–	348	33,173
Additions	637	631	99	–	74	1,441
Additions through business combinations	–	2,041	–	1,493	–	3,534
Disposals	–	(5)	–	–	–	(5)
Amortisation expense	–	(1,275)	(43)	(45)	(39)	(1,402)
Balance at 30 June 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

	Goodwill \$'000	Acquired client relationship / Adviser networks \$'000	IT software \$'000	Brand \$'000	Other intangible assets \$'000	Total \$'000
At 30 June 2020						
Cost	38,427	28,634	733	1,493	503	69,790
Accumulated amortisation and impairment	(9,990)	(22,347)	(547)	(45)	(120)	(33,049)
Net book value	28,437	6,287	186	1,448	383	36,741
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

Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to and is tested at the level of the respective cash generating units (CGUs), for impairment testing.

For the purpose of impairment testing, fourteen of the seventeen member firms listed in note 41, are considered as separate CGUs, operating largely independently from other businesses in the Group. All subsidiaries are separately identified in note 41.

The Group utilises a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period to assess the recoverable amount of the CGUs. The member firm budget for FY22 is used as the basis for the five year period; and year two to five is extrapolated at a 3% growth rate over the remainder of the five year budget period. A pre-tax discount rate has been applied to cash flow projections and cash flows beyond the five-year period have been extrapolated using a growth rate of 2.5%. This method is used to assess impairment for the individually significant CGUs. The same methodology of impairment testing is performed across all CGUs.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units:

	2021 \$'000	2020 \$'000
Significant cash generating units		
CountPlus One Pty Ltd	4,759	4,759
The MBA Partnership Pty Ltd*	5,639	4,172
Kidmans Partners Pty Ltd	4,245	4,245
Unite Advisory Pty Ltd	3,502	3,502
Bentleys (WA) Pty Ltd**	–	1,826
Crosby Dalwood Pty Ltd	1,782	1,782
Moggs Accounting + Advisory Pty Ltd (formerly Moggs Osborne Pty Ltd)	2,229	1,629
Remaining cash-generating units	5,183	6,522
	27,339	28,437

* On 9 November 2020, The MBA Partnership acquired fellow subsidiary Specialised Business Solutions Pty Ltd from CountPlus Limited. Goodwill attributable to Specialised Business Solutions has been allocated to The MBA Partnership Pty Ltd for the purpose of impairment testing.

** Goodwill previously allocated to Bentleys has been transferred to the disposal group recognised in the Consolidated Statement of Financial Position. Refer to note 16 for further information.

Key assumptions used for value in use calculations

The calculation of value in use for the CGUs was most sensitive to the following assumptions:

- ▶ Revenue growth;
- ▶ Employment expense ratios;
- ▶ EBITA margin; and
- ▶ Discount rates.

Revenue growth is based on the 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 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Impairment of goodwill

At 30 June 2021 management performed impairment testing (including the impact of COVID-19) for each cash generating unit (CGU) of CountPlus. Management calculated the recoverable amount of the CGUs in accordance with AASB 136 Impairment of Assets at 30 June 2021 using a pre-tax discount rate of 18.57% (13.00% post tax) (30 June 2020: 18.57% (13.00% post tax)). No impairment losses were identified at 30 June 2021.

For the below CGUs where an indication of impairment existed, management calculated the recoverable amount of these CGUs in accordance with AASB 136 Impairment of Assets.

Key assumptions for this value in use calculation at 30 June 2021 were:

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

The recoverable amount of the above CGUs was determined based on value-in-use calculations, consistent with the methods used in prior years.

Sensitivity to changes in assumptions

A cash-generating unit ('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.

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

For CountPlus One Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$1,088,000 or 20%.

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 \$869,000 would result.
- ▶ 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 \$550,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 62% to 66% over the forecast period, an impairment of \$498,000 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 \$543,000.

For Crosby Dalwood Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$1,293,000 or 75%.

Reasonably possible changes in assumptions will not result in impairment except the following:

- ▶ 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 \$238,000.
- ▶ 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 \$1,040,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 64% to 68% over the forecast period, an impairment loss of \$782,000 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 \$1,035,000.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

For Advantage Financial Freedom Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$1,227,000 or 64%.

Reasonably possible changes in assumptions will not result in impairment except the following:

- ▶ 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 \$107,000.
- ▶ 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 value by \$1,011,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 65% to 69% over the forecast period, the recoverable amount would exceed the carrying value by \$338,000.
- ▶ If the long term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying value by \$1,007,000.

For Unite Advisory Pty Ltd: The recoverable amount as determined by the value in use calculation exceeds the carrying value by \$1,847,000 or 46%.

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 value by \$306,000.
- ▶ 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 value by \$1,358,000.
- ▶ If the company's employment cost margin (its single largest expense item) increases from 62% to 66% over the forecast period, the recoverable amount would exceed the carrying value by \$599,000.
- ▶ If the long term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying value by \$1,347,000.

For all CGUs: Across all CGUs over the forecast period, other things being equal, if revenue is 10% lower than expectations, an impairment of \$14,515,000 would result. Management believes that no other reasonable change in the key assumptions would cause the carrying value to materially exceed its recoverable amount.

Amortisation period of intangible assets other than Goodwill

The amortisation period for the intangible assets are as follows:

Acquired client relationships	10 years
Adviser networks	15 years
Brands	25 years
Software	1 – 5 years

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Significant accounting judgements, estimates and assumptions

Impairment of intangible assets

At each reporting date, the Group reviews the recoverable amount of its 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 CGU by determining the value in use of each individual CGU.

Acquired client relationships are tested for impairment whenever there is an indication that the intangible asset may be impaired. This assessment is made at least on an annual basis. The net carrying value is compared with the expected future benefits from the relationships for each cash generating unit. If the carrying value of the relationships is higher than the expected future benefits an impairment loss is recorded for the difference.

At each reporting date if an impairment indicator exists, the Group makes a formal estimate of the asset's recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined in aggregate for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets, other than goodwill that suffer an impairment, are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the entity's identified assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identified assets of the subsidiary acquired, the difference is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment, is allocated to cash generating units and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Acquired client relationships and Adviser networks

Acquired client relationships 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. These assets are capitalised at fair values at the date of acquisition. Acquired client relationships are amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets are 10 years and they are amortised and expensed using the straight-line method. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those relationships. 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.

Adviser networks are the intangible assets identified in the acquisition of Count Financial and represent that part of the purchase consideration that is attributable to and represented by the advisers with long term relationships with that business. These assets were capitalised at fair value at the date of the acquisition, amortised over their useful life and tested for impairment at least annually and whenever there is an indication that the carrying value of the intangible asset may be impaired. The useful life of these assets is 10 to 15 years and are amortised and expensed using the straight-line method. This is in accordance with the expected pattern of future benefits based on the net cash flows expected from those networks. The amortisation period and the amortisation method are reviewed at least annually as at 30 June to ensure that the amortisation expense reflects the performance of the intangible asset.

Brands

Brands are recognised at fair value at acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and accumulated impairment losses. They are amortised over 25 years on straight-line basis and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

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.

20 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	
		2021 %	2020 %
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	40.00%	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%

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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 self-managed super funds (SMSF).

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.

Material associates

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	3,065	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
2020	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	5,685	1,131	948	1,560	1,615
Non-current assets	6,703	7,365	3,604	3,999	4,715
Current liabilities	(4,668)	(842)	(733)	(2,884)	(875)
Non-current liabilities	(1,970)	(187)	(591)	–	(1,212)
Net assets / equity	5,750	7,467	3,228	2,675	4,243
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	21,308	2,959	3,950	4,485	4,877
Profit for the year	2,936	899	470	839	961
Total comprehensive income	2,936	899	470	839	961
Group share of profit for the year	950	360	188	336	289

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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:

	2021 \$'000	2020 \$'000
One Hood Sweeney Pty Ltd		
Opening balance	7,277	6,896
Share in profit	1,192	950
Dividends	(744)	(569)
Carrying amount based on share in net assets of associate	7,725	7,277
Hunter Financial Planning Pty Ltd		
Opening balance	2,742	2,809
Share in profit	255	360
Dividends	(283)	(427)
Carrying amount based on share in net assets of associate	2,714	2,742
OBM Financial Services Pty Ltd		
Opening balance	1,532	1,344
Completion adjustment of acquisition of associate	(69)	–
Share in profit	332	188
Dividends	(40)	–
Carrying amount based on share in net assets of associate	1,755	1,532
Rundles CountPlus Pty Ltd		
Opening balance	2,228	2,140
Share of profit	312	336
Dividends	(300)	(248)
Carrying amount based on share in net assets of associate	2,240	2,228
Rundles Financial Planning Pty Ltd		
Opening balance	347	418
Share of profit	54	56
Dividends	(64)	(127)
Carrying amount based on share in net assets of associate	337	347
DMG Financial Holdings Pty Ltd		
Opening balance	3,503	–
Acquisition of associate	–	3,439
Share of profit	353	289
Dividends	(391)	(225)
Carrying amount based on share in net assets of associate	3,465	3,503
	2021 \$'000	2020 \$'000
Total carrying value of investments in associates as at 30 June	18,236	17,629
Total share of net profit of associates accounted for using the equity method	2,498	2,179

Contingent liabilities and capital commitments

The associates had no contingent liabilities or capital commitments as at 30 June 2021 or 30 June 2020.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

21 Trade and other payables

	2021 \$'000	2020 \$'000
Current liabilities		
Trade payables	1,291	1,181
Other payables	67	11
Adviser payments	8,111	6,925
GST payable	1,420	1,546
Sundry payables and accrued expenses	3,312	3,970
	14,201	13,633
Non-current liabilities		
Other payables	-	40

Refer to note 34 for further information on financial instruments risk.

22 Contract liabilities

	2021 \$'000	2020 \$'000
Current liabilities		
Unearned revenue	1,328	2,441
Ongoing insurance trail commission	9,004	10,484
	10,332	12,925
Non-current liabilities		
Ongoing insurance trail commission	20,668	24,158

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.

Movement in unearned revenue

	\$'000
Balance at 1 July 2019	916
Payments received in advance	4,268
Additions through business combinations	20
Transfer to revenue – included in the opening balance	(745)
Transfer to revenue – other balances	(2,018)
Balance at 30 June 2020	2,441
Payments received in advance	2,041
Transfer to revenue – included in the opening balance	(2,333)
Transfer to revenue – other balances	(821)
Balance at 30 June 2021	1,328

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Movement in ongoing insurance trail commission liability

	\$'000
Balance at 1 July 2019	–
Ongoing insurance commission liability acquired	22,869
Amount recognised in revenue from contracts with customers	19,088
Payment of ongoing insurance trail commission	(7,315)
Balance at 30 June 2020	34,642
Amount recognised in revenue from contracts with customers	6,543
Payment of ongoing insurance trail commission	(11,513)
Balance at 30 June 2021	29,672

Significant accounting judgements, estimates and assumptions

Ongoing insurance trail commission

The key assumptions underlying the ongoing insurance trail commission 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 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 93.5% (2020: 93%) 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.

23 Interest bearing loans and borrowings

	2021 \$'000	2020 \$'000
Current liabilities		
Bank loans – funding facility and other loans	717	461
Acquisition facility	1,891	2,891
Hire purchase	2	7
	2,610	3,359
Non-current liabilities		
Bank loans – funding facility and other loans	1,718	1,372

Refer to note 34 for further information on financial instruments risk.

	2021 \$'000	2020 \$'000
Total facilities		
Bank overdraft	5,000	5,000
Bilateral funding facility	23,430	23,332
	28,430	28,332
Used at the reporting date		
Bank overdraft	1,141	1,024
Bilateral funding facility	4,326	4,722
	5,467	5,746
Unused at the reporting date		
Bank overdraft	3,859	3,976
Bilateral funding facility	19,079	18,610
	22,938	22,586

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

The interest-bearing loans and borrowings balance are \$4,328,000 (Non-current: \$1,718,000 Current: \$2,610,000) (2020: Non-current: \$1,372,000 Current: \$3,359,000) borrowings from Westpac Bank. There are currently four lines of credit with Westpac Bank.

CountPlus Limited has an overdraft facility with Westpac Bank, the limit is \$5,000,000 (2020: \$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 (2020: \$20,000,000) and is charged with a variable rate. This five-year facility with Westpac started on 1 December 2017. 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 a bank loan with Westpac Bank, the limit is \$1,960,000 repayable over five 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 \$1,470,000 repayable 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 The MBA Partnership 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

	2020 \$'000	Cash flow \$'000	Non-cash changes Reclassification to short term \$'000	Other changes \$'000	2021 \$'000
Long term borrowings	1,372	1,063	(717)	–	1,718
Short term borrowings	3,352	(1,461)	717	–	2,608
Hire purchase short term liabilities	7	(5)	–	–	2
Total liabilities from financing activities	4,731	(403)	–	–	4,328

24 Lease liabilities

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

	2021 \$'000	2020 \$'000
Current liabilities		
Lease liabilities	3,439	3,321
Non-current liabilities		
Lease liabilities	10,994	12,041

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

The Group has leases for office buildings and some 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 17).

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 2021, 39 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 2021, the average remaining lease term for premises was four years, office equipment was five years and others was four years.

The lease liabilities are secured by the related underlying assets.

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 2021 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 2021 was \$3,702,000 (2020: \$3,640,000).

Amounts relating to leases recognised for the reporting period

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

	2021 \$'000	2020 \$'000
Depreciation charge for the right-of-use assets by class of asset		
Premises	2,919	2,791
Office equipment	128	144
Others	8	14
Total depreciation charge	3,055	2,949
Interest expense on lease liabilities (included in operating cost)	697	716
Total expense related to leases	3,752	3,665

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

	2021 \$'000	2020 \$'000
Cash outflow for leases (AASB 16) – financing activity		
Principal	3,005	2,924
	3,005	2,924
Cash outflow for leases (AASB 16) – operating activity		
Interest	697	716
Total cash outflows	3,702	3,640

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

25 Other liabilities

	2021 \$'000	2020 \$'000
Current liabilities		
Deferred cash consideration for acquisition of business combination, business assets and investment in associates	1,063	877
Other current liabilities	53	48
	1,116	925
Non-current liabilities		
Deferred cash consideration for acquisition of business combination, business assets and investment in associates	203	108
Lease make good liabilities	567	494
	770	602

Movements in deferred consideration

	\$'000
Current	
At 1 July 2020	877
Arising during the year	910
Payments made during the year	(464)
Fair value gain on deferred consideration	(368)
Transfer from non-current deferred consideration	108
Total current	1,063
Non-current	
At 1 July 2020	108
Arising during the year	203
Transfer to current deferred consideration	(108)
Total non-current	203
Total	1,266

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 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

26 Provisions

	2021 \$'000	2020 \$'000
Current liabilities		
Employee benefits – annual leave	3,323	2,788
Employee benefits – long service leave	2,895	2,715
Employee benefits – sick leave	38	–
Bonus provision	518	495
Other	23	4
	6,797	6,002
Non-current provisions		
Employee benefits – long service leave	966	1,010

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 20 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.

27 Remediation provision

	2021 \$'000	2020 \$'000
Current liabilities		
Remediation provision – ongoing service fees – Count Financial	258,082	195,000
Remediation provision – other advice issues – Count Financial	1,728	–
Remediation provision – Total Financial Solutions Australia	17	30
	259,827	195,030

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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. Refer to note 15 for disclosure on the corresponding indemnity asset. The provision includes the following elements:

	2021 \$'000	2020 \$'000
Ongoing service fees – cost of remediation of clients	129,040	109,200
Ongoing service fees – interest on amounts payable to clients	129,042	85,800
Other advice issues	1,728	–
	259,810	195,000

Ongoing service fees

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

▶ Value of ongoing service fees charged	\$451,575,000
▶ Number of years in which issues occurred	11 years
▶ Refund rate	24%
▶ Interest calculation methodology	RBA cash rate plus 6% compounded monthly
▶ Value below which refunds will be made without investigation	\$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 three 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	5,716
	-\$10,000,000	(5,716)
Number of years in which issues occurred	+1 year	38,729
	-1 year	(34,261)
Refund rate	+1%	8,043
	-1%	(8,043)

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 2021 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 2021, future expected payments are able to be estimated.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Movement in remediation provision – Count Financial

	\$'000
Provision at 1 July 2019	–
Additional provisions	195,000
Amounts utilised during the year	–
Provision at 30 June 2020	195,000
Additional provisions	69,772
Amounts utilised during the year	(4,962)
Provision at 30 June 2021	259,810

Significant accounting judgements, estimates and assumptions

Remediation provision

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.

28 Contributed equity

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'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)	(2,679,657)	(3,413)	(3,501)
	111,610,249	111,542,902	123,153	123,065

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.

Employee share scheme

The Group has a long term incentive, under which performance rights are awarded to Key Management Personnel.

Share buy-back

There is no current on-market share buy-back.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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 \$1,891,000 as at 30 June 2021. The Group has an overdraft facility of \$5,000,000 which was drawn down by lease guarantees of \$1,024,000 at 30 June 2021. In addition, there are two bank loans in member firms totalling \$3,430,000 which have been drawn down by \$2,435,000. Future acquisitions and investments will be funded from existing and future cash flows as well as funds received under the Group's Owner, Driver – Partner 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.

29 Reserves

	2021 \$'000	2020 \$'000
Acquisition reserve	(48,548)	(48,548)
Share-based payments reserve	814	645
Foreign currency reserve	(33)	(10)
	(47,767)	(47,913)

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 2019	1,486	(48,548)	–	(47,062)
Foreign currency translation	–	–	(10)	(10)
Transfer to accumulated losses	(580)	–	–	(580)
Transfer of loan funded share plan	(376)	–	–	(376)
Share based payments for long term incentive plan	115	–	–	115
Balance at 30 June 2020	645	(48,548)	(10)	(47,913)
Foreign currency translation	–	–	(23)	(23)
Transfer to accumulated losses	23	–	–	23
Transfer of loan funded share plan	(41)	–	–	(41)
Share based payments for long term incentive plan	187	–	–	187
Balance at 30 June 2021	814	(48,548)	(33)	(47,767)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Nature and purpose of reserves

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 20 to 29.

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.

30 Accumulated losses

	2021 \$'000	2020 \$'000
Accumulated losses at the beginning of the financial year	(6,435)	(19,412)
Adjustment for change in accounting policy – AASB 16 Leases	–	(1,075)
Accumulated losses at the beginning of the financial year – restated	(6,435)	(20,487)
Profit after income tax expense for the year	4,938	15,861
Dividends paid (note 32)	(2,789)	(2,506)
Transfers in	69	697
Accumulated losses at the end of the financial year	(4,217)	(6,435)

31 Non-controlling interest

Reconciliation of non-controlling interest in controlled entities

	2021 \$'000	2020 \$'000
Opening balance	9,395	6,232
Acquisitions	487	2,308
Purchase of shares from non-controlling interest holder	(358)	(183)
Disposal of shares to non-controlling interest holder	745	240
Share of net profit for the period	2,146	1,587
Dividends paid by subsidiaries to non-controlling interests	(1,762)	(789)
Closing Balance	10,653	9,395

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
The MBA Partnership Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	31.89%	37.97%
Opening non-controlling interest at 1 July	2,144	2,098
Additions	487	–
Disposals	(358)	(183)
The profit allocated to non-controlling interest for the period	734	611
Dividends paid	(515)	(382)
Closing non-controlling interest at 30 June	2,492	2,144
Specialised Business Solutions Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	38.72%	38.72%
Opening non-controlling interest at 1 July	807	763
The profit allocated to non-controlling interest for the period	44	44
Dividends paid	(170)	–
Closing non-controlling interest at 30 June	681	807
Kidmans Partners Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	35.85%	35.62%
Opening non-controlling interest at 1 July	1,278	1,066
Additions	10	139
The profit allocated to non-controlling interest for the period	196	226
Dividends paid	(192)	(153)
Closing non-controlling interest at 30 June	1,292	1,278
AdviceCo. Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	40.00%	35.00%
Opening non-controlling interest at 1 July	1,450	1,265
Additions	154	101
The profit allocated to non-controlling interest for the period	404	226
Dividends paid	(296)	(142)
Closing non-controlling interest at 30 June	1,712	1,450
Mogg Osborne Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	35.00%	35.00%
Opening non-controlling interest at 1 July	1,188	1,040
The profit allocated to non-controlling interest for the period	319	260
Dividends paid	(224)	(112)
Closing non-controlling interest at 30 June	1,283	1,188
Count Financial Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	15.00%	15.00%
Opening non-controlling interest at 1 July	2,528	–
Additions	–	2,308
The profit allocated to non-controlling interest for the period	110	220
Dividends paid	(215)	–
Closing non-controlling interest at 30 June	2,423	2,528
Bentleys Advisory (WA) Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	5.00%	–
Opening non-controlling interest at 1 July	–	–
Additions	164	–
The profit allocated to non-controlling interest for the period	3	–
Dividends paid	(6)	–
Closing non-controlling interest	161	–
Twomeys Pty Ltd		
The proportion of ownership interests (and voting rights) held by non-controlling interest	40.00%	–
Opening non-controlling interest at 1 July	–	–
Additions	417	–
The profit allocated to non-controlling interest for the period	336	–
Dividends paid	(144)	–
Closing non-controlling interest	609	–
Total non-controlling interest at 30 June	10,653	9,395

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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

	2021 \$'000	2020 \$'000
The MBA Partnership Pty Ltd		
Assets	15,112	12,499
Liabilities	6,687	5,116
Revenue	11,710	10,397
Net Profit	1,469	1,187
Count Financial Ltd		
Assets	307,492	256,848
Liabilities	293,138	242,150
Revenue	14,785	14,865
Net Profit	1,091	1,787
Kidmans Partners Pty Ltd		
Assets	11,661	9,906
Liabilities	5,173	3,446
Revenue	7,273	7,498
Net Profit	548	714
AdviceCo. Pty Ltd		
Assets	6,092	5,709
Liabilities	1,415	1,297
Revenue	4,585	4,184
Net Profit	1,062	677
Mogg Osborne Pty Ltd		
Assets	7,210	6,425
Liabilities	2,791	2,379
Revenue	5,044	4,386
Net Profit	909	745
Bentleys (WA) Pty Ltd		
Assets	10,231	9,072
Liabilities	6,033	5,065
Revenue	7,805	7,274
Net Profit	197	153
Twomeys Pty Ltd		
Assets	4,016	3,695
Liabilities	1,742	1,947
Revenue	5,170	4,614
Net Profit	873	645

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

32 Dividends

Dividends

Dividends paid during the financial year were as follows:

	2021 \$'000	2020 \$'000
Dividends paid during the year	-	-
Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended	1,395	1,111
Full year dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended	1,394	1,395
Dividends proposed and recognised as liability	-	-
Final dividend fully franked based on tax paid @ 30%, ordinary dividend for the year ended	-	-
Total dividends paid or provided for during the year	2,789	2,506

Franking credits

	2021 \$'000	2020 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	7,893	7,006

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
- ▶ franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

33 Financial assets and liabilities

Note 2 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 2021	Note	Amortised cost \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	10	26,239	26,239
Trade and other receivables	11	8,745	8,745
Loans and advances	13	236	236
Total financial assets		35,220	35,220

30 June 2021	Note	Other liabilities (amortised cost) \$'000	Total \$'000
Financial liabilities			
Trade and other payables	21	1,291	1,291
Interest bearing loans and borrowings	23	4,328	4,328
Lease liabilities	24	14,433	14,433
Other liabilities	25	1,886	1,886
Total financial liabilities		21,938	21,938

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

30 June 2020	Note	Amortised cost \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	10	25,842	25,842
Trade and other receivables	11	9,075	9,075
Loans and advances	13	424	424
Total financial assets		35,341	35,341

30 June 2020	Note	Other liabilities (amortised cost) \$'000	Total \$'000
Financial liabilities			
Trade and other payables	21	1,181	1,181
Interest bearing loans and borrowings	23	4,731	4,731
Lease liabilities	24	15,362	15,362
Other liabilities	25	1,033	1,033
Total financial liabilities		22,307	22,307

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 and other payables;
- ▶ other liabilities; and
- ▶ interest bearing borrowings.

34 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.

Market risk

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 2021, the Group had total bank loans outstanding of \$4,326,000 (2020: \$4,722,000). The Group also had an overdraft facility of \$5,000,000 which had been drawn down by lease guarantees of \$1,141,000. 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	2021 \$'000	2020 \$'000
+1% (100 basis points)	(168)	(191)
-1% (100 basis points)	168	191

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

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 2021, 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 2021				
Trade and other payables	1,291	–	–	–
Interest bearing loans and borrowings	382	380	3,853	47
Lease liabilities	1,861	1,642	10,082	2,928
Other liabilities	771	115	764	235
	4,305	2,137	14,699	3,210

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 2020				
Trade and other payables	1,181	–	–	–
Interest bearing loans and borrowings	321	314	4,205	326
Lease liabilities	1,798	1,591	10,383	4,139
Other liabilities	680	244	371	232
	3,980	2,149	14,959	4,697

Financing arrangements

Unused borrowing facilities at the reporting date:

	2021 \$'000	2020 \$'000
Bank overdraft	3,859	3,976
Bilateral funding facility	19,079	18,610
	22,938	22,586

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time. For further details on bank loan facilities see note 23.

Fair value of financial instruments

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

35 Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other 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.

2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities				
Contingent cash consideration	–	–	(1,266)	(1,266)
Total liabilities	–	–	(1,266)	(1,266)

2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities				
Contingent cash consideration	–	–	(985)	(985)
Total liabilities	–	–	(985)	(985)

	\$'000
Balance at beginning of year	(985)
Gain on deferred consideration in profit or loss	355
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during the year	(1,100)
Cash paid for settlement of deferred cash consideration	464
Balance at end of year	(1,266)

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 2021, 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 \$1,266,000 (2020: \$985,000).

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

36 Remuneration of auditors

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

	2021 \$	2020 \$
Audit services – Grant Thornton		
Audit or review of the financial statements	371,000	431,000
Other services – Grant Thornton		
Taxation services including tax due diligence	–	6,535
Other advisory services*	5,000	251,222
Total other services – Grant Thornton	5,000	257,757
Total remuneration of Grant Thornton	376,000	688,757

* Other advisory services comprises of transaction advisory and IT systems integration.

37 Contingent assets

The Group has no contingent assets as at 30 June 2021 (2020: nil).

38 Contingent liabilities

Class action lawsuit

Class action proceedings have been filed in the Federal Court of Australia against Count Financial Limited, a subsidiary of the Company. The proceedings seek financial compensation and relate to:

- ▶ commissions paid to Count Financial Limited and its authorised representatives (financial advisers) in respect of financial products (including insurance); and
- ▶ certain obligations of Count Financial Limited and its financial advisers including to act in the best interests of clients.

The class action relates to the period from 21 August 2014 to 21 August 2020.

CountPlus Limited acquired Count Financial Limited from the 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 Limited 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.

Claim against Total Financial Solutions Australia

A claim has been raised by a former client of Total Financial Solutions Australia Limited (TFSA) and McQueen Financial Group Pty Ltd (McQueen) (a former Corporate Authorised Representative of TFSA and current Corporate Authorised Representative of Count Financial Ltd) in relation to the denial of a Total and Permanent Disability (TPD) benefit in relation to their Westpac life insurance policy.

A reliable estimate of the expected future inflows and / or outflows related to the claim cannot be formed at this stage. A claim for indemnity has been made against the professional indemnity insurance taken out by Count Financial Limited. The deductible on this claim is \$250,000. TFSA and McQueens have filed a defence to the claim.

Claim against The MBA Partnership

This matter relates to a claim against The MBA Partnership Pty Ltd (MBA) in the Queensland District Court by Eastland 5 Pty Ltd. The plaintiff claims that MBA acted for them in relation to certain matters and has suffered loss. The amount claimed against MBA is \$517,033 plus costs and interest.

The insurer has been notified of the claim and external lawyers engaged to defend the matter.

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 2021 (30 June 2020: nil).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

39 Commitments

Capital commitments

The Group has total capital commitments of \$1,024,000 (2020: \$1,024,000), to various landlords in form of bank guarantees. No material losses are anticipated in respect of these guarantees.

Hire purchase commitments

The Group leases various office equipment, motor vehicles and leasehold improvements under hire purchase arrangements. The future commitments under these categories are listed in the table below.

Commitments

	2021 \$'000	2020 \$'000
Hire purchase commitments		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	2	6
One to five years	–	2
Total commitment	2	8
Less: Future finance charges	–	–
Hire purchase commitments	2	8

40 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.

Subsidiaries

Interests in subsidiaries are set out in note 41.

Associates

Interests in associates are set out in note 20.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Key Management Personnel

	2021 \$	2020 \$
Short term employee benefits	2,488,105	2,194,456
Post-employment benefits	150,387	129,740
Long term benefits	39,180	17,590
Share-based payments	187,397	114,497
	2,865,069	2,456,283

Transactions with related parties

The following transactions occurred with related parties:

	2021 \$'000	2020 \$'000
Sale of goods and services:		
Net fees and commissions received from Count Financial	–	2,400
Net fees and commissions received from Colonial First State Group (a related party by shareholding)	195	667
Premises expenses:		
Catalyst Finance Pty Ltd	210	254
The Southport Unit Trust	283	319
Rosebead Pty Ltd	63	62
Mark & Bronwyn Kenmir Superannuation Fund	29	29
Bronwyn Kenmir	44	44

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 related parties

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

	2021 \$'000	2020 \$'000
Current receivables:		
Loan to Count Member Firm Pty Ltd	197	395

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

41 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 note 2:

Name	Principal place of business / Country of Incorporation	Ownership interest	
		2021 %	2020 %
1. The MBA Partnership Pty Ltd*	Australia	68.11%	62.03%
▶ Digital O2 Pty Ltd	Australia	100.00%	100.00%
▶ MBA FS (Rawsons) Pty Ltd	Australia	100.00%	70.00%
▶ The MBA Partnership (NSW) Pty Ltd	Australia	51.00%	51.00%
▶ The MBA Partnership BNE Pty Ltd	Australia	100.00%	–
▶ Specialised Business Solutions Pty Ltd	Australia	61.28%	61.28%
▶ Collective Outsourcing Pty Ltd	Australia	100.00%	100.00%
▶ Collective Outsourcing Incorporated	Philippines	100.00%	100.00%
2. Bentleys (WA) Pty Ltd*	Australia	95.00%	100.00%
▶ Bentleys Advisory (WA) Pty Ltd	Australia	100.00%	100.00%
▶ Bentleys Corporate Finance (WA) Pty Ltd	Australia	100.00%	100.00%
▶ Australian Superannuation & Compliance Pty Ltd	Australia	100.00%	100.00%
3. Addvantage Financial Freedom Pty Ltd*	Australia	100.00%	100.00%
▶ Addvantage Accountants Pty Ltd	Australia	100.00%	100.00%
▶ Cooma Accounting and Financial Services Pty Ltd	Australia	100.00%	100.00%
▶ Beames & Associates Pty Ltd	Australia	100.00%	100.00%
4. Moggs Accounting + Advisory Pty Ltd (formerly Mogg Osborne Pty Ltd)*	Australia	65.00%	65.00%
5. Crosby Dalwood Pty Ltd*	Australia	100.00%	100.00%
6. Cooper Reeves Pty Ltd*	Australia	100.00%	100.00%
7. CountPlus One Pty Ltd*	Australia	100.00%	100.00%
8. Evolution Advisers Pty Ltd*	Australia	100.00%	100.00%
9. AdviceCo. Pty Ltd*	Australia	60.00%	65.00%
10. Kidmans Partners Holdings Pty Ltd*	Australia	64.15%	64.38%
▶ Kidmans Partners Pty Ltd	Australia	100.00%	–
▶ Kidmans Partners Mortgage Pty Ltd	Australia	100.00%	–
▶ Kidmans Partners Services Pty Ltd	Australia	100.00%	–
▶ Kidmans Partners Wealth Pty Ltd	Australia	100.00%	–
11. Unite Advisory Pty Ltd*	Australia	100.00%	100.00%
12. CountPlus FS Holdings Pty Ltd (TFS Group)*	Australia	100.00%	100.00%
▶ Total Financial Solutions Australia Ltd	Australia	100.00%	100.00%
▶ TFS Operations Pty Limited	Australia	100.00%	100.00%
▶ TFS Advice Pty Limited	Australia	100.00%	100.00%
13. Twomeys Pty Ltd*	Australia	60.00%	100.00%
▶ Twomeys Accounting & Advisory Pty Ltd	Australia	100.00%	–
14. Count Financial Limited*	Australia	85.00%	85.00%
15. Kidmans PEC Pty Ltd	Australia	100.00%	100.00%
16. BLUE789 Pty Ltd	Australia	100.00%	100.00%
17. ADVICE389 Pty Ltd	Australia	100.00%	100.00%

* These subsidiaries are separate cash generating units.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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.

42 Events after the reporting period

On 14 July 2021, CountPlus Limited member firm, NSW based Unite Advisory Pty Ltd (Unite) finalised terms to acquire 100% of the business of Bentley Brett & Vincent Pty Ltd. Simultaneously with this transaction, Unite will proceed with an equity buy-back program by Key Management Personnel, under the CountPlus OD-P™ model.

On 30 July 2021, CountPlus Limited finalised terms to sell the Audit and Corporate business units of member firm Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd.

On 26 August 2021, the Directors resolved to declare a full year final dividend for FY21 of 1.50 cents (fully franked) to be paid on 13 October 2021 (Record date 24 September 2021).

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the consolidated entity's operations in future financial years;
- b) the results of those operations in future financial years; or
- c) the consolidated entity's state of affairs in future financial years.

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

	2021 \$'000	2020 \$'000
Profit after income tax expense for the year	7,084	17,448
Adjustments for:		
Depreciation and amortisation	5,510	5,366
Share-based payments	187	115
Impairment / (reversal) of impairment of receivables	(422)	528
Gain on bargain purchase	–	(10,952)
Gain on deferred consideration	(355)	(88)
Gain on lease variation	(108)	(152)
Gain on disposal of non-current assets	(396)	–
Insurance trail commission accounting adjustment	552	–
Loss on disposal of non-current assets	26	–
Share of associate net profit	(2,498)	(2,179)
Employee entitlements	1,229	1,564
Make good provision discount unwind	(3)	–
Accrued interest income	(16)	(20)
Change in operating assets and liabilities:		
Increase in trade and other receivables	790	(1,373)
(Decrease) / increase in contract liabilities	(1,113)	151
Increase in trade and other payables	1,023	2,103
(Increase) / decrease in income tax refund due	(125)	942
Decrease in deferred tax liabilities	(1,261)	(550)
Decrease in employee benefits	(508)	(466)
Net cash from operating activities	9,596	12,437

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

44 Earnings per share

	2021 \$'000	2020 \$'000
Profit after income tax	7,084	17,448
Non-controlling interest	(2,146)	(1,587)
Profit after income tax attributable to the owners of CountPlus Limited	4,938	15,861

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	111,583,310	110,887,268
Adjustments for calculation of diluted earnings per share:		
Long term incentive performance rights	776,671	502,922
Weighted average number of ordinary shares used in calculating diluted earnings per share	112,359,981	111,390,190

	2021 Cents	2020 Cents
Basic earnings per share	4.43	14.30
Diluted earnings per share	4.39	14.24

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

For the Year Ended 30 June 2021

45 Share plans

Loan funded share plan

Long term incentive awards are delivered to employees in the form of a loan funded share plan (LFSP). Under the plan, employees who have contributed to Group performance may be granted an allocation of loan-funded shares which are held on their behalf by an employee share trust.

A summary of the Group shares issued up to the year ended 30 June 2021 are as follows:

Description	Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Expired	Forfeited	Balance at end of the year	Vested and exercisable at end of the year
LFSP 2015	March 2015	March 2018 ^(a)	\$1.12	385,139	–	–	–	385,139	–	–

^(a) Due to an extension granted in respect of the LFSP 2015 shares, the plan remained active at 30 June 2020. The plan was formally terminated during the FY21 period.

During the 2020 financial year, the acquisition of Count Financial resulted in an increase in the CountPlus share price, the 2015 LFSP vesting conditions were retested and it was determined that 1,134,150 shares were eligible to vest to the participants. These awards were exercised during the course of the 2020 financial year.

As at 30 June 2020, there were 385,139 awards outstanding in relation to the 2015 Loan Funded Share Plan. These vesting conditions were tested and it was determined that none of these awards are expected to vest. The 2015 Loan Funded Share Plan has been cancelled during the course of the 2021 financial year.

Employee loyalty equity plan

During the 2021 and 2020 financial years no shares were issued under the employee loyalty equity share plan.

Long term incentive plan

The long term incentive plans are set out on pages 27 to 29 of this report.

46 Parent entity information

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

Statement of Financial Position

	2021 \$'000	2020 \$'000
Assets		
Current assets	6,142	6,246
Non-current assets	55,025	55,740
Total assets	61,167	61,986
Liabilities		
Current liabilities	(1,701)	(2,355)
Non-current liabilities	(491)	(542)
Total liabilities	(2,192)	(2,897)
	58,975	59,089
Equity		
Contributed equity	126,552	126,552
Share based payment reserve	855	642
Accumulated losses	(68,432)	(68,105)
	58,975	59,089

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income

	2021 \$'000	2020 \$'000
Profit for the year	2,521	3,463

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 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, 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.
- ▶ Dividends received from subsidiaries are recognised as other income by the parent entity.

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, associates and joint venture entities

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. \$1,891,000 was drawn during the year and a bank guarantee of \$1,024,000 has been provided for property leases.

Share based payments

The grant by the Group of options over its equity instruments to the employees of a subsidiary 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.

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 2021 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b. 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 2021.
3. Note 2 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 2021
Sydney

Independent Auditor's Report

To the members of CountPlus Limited



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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 2021, 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 2021 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.

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.

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Independent Auditor's Report

To the members of CountPlus Limited



Key audit matter

How our audit addressed the key audit matter

Remediation provision (Note 27)

As at 30 June 2021, the Group recorded a remediation provision of \$259,810,000 and a corresponding remediation receivable. The provision represents the estimated cost of remediation of current and former clients in respect of advice issues, including ongoing services charged where no service was performed by Count Financial. The advice issues occurred prior to the acquisition of Count Financial by the Group.

The receivable represents an indemnity deed granted by the Commonwealth Bank of Australia.

Per AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, a provision should be recognised if an entity has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made.

The provision is based upon estimates in relation to the value of the ongoing service fees charged, the number of years in which issues have occurred, the refund rate, the interest calculation on those fees and the value below which fee refunds are made without investigation.

This is a key audit matter as the assumptions used in the determination of remediation costs involves complexity and significant management judgement and estimation.

Our procedures included, amongst others:

- obtaining the Group's calculation of the provision and updating our understanding of the methodology used to calculate the provision;
- evaluating the reasonableness of the key assumptions used to estimate the provision;
- assessing the validity of the receivable by reviewing the terms and conditions of the indemnity deed and subsequent amendments;
- recalculating the provision using management's assumptions; and
- evaluating the adequacy of the accounting policy and disclosures made in the Group's financial statements in respect of the remediation provision and receivable.

Recoverable amount of intangible assets (Note 19)

As at 30 June 2021, the Group's intangible assets of \$36,514,000 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, for the purposes of impairment testing, goodwill acquired in a business combination be allocated to each of the Group's cash-generating units (CGUs). Each CGU to which goodwill has been allocated must be tested for impairment annually.

Management has assessed that the group has 13 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 their recoverable amounts. The recoverable amounts were determined using value-in-use models.

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 to:
 - testing the mathematical accuracy;
 - evaluating management's ability to perform accurate estimates by comparing historical forecasting to actual results; and
 - testing forecast cash inflows and outflows to be derived by the CGUs' assets;

Independent Auditor's Report

To the members of CountPlus Limited



Key audit matter

How our audit addressed the key audit matter

Recoverable amount of intangible assets (Note 19) cont.

This is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount.

- reviewing discount rates applied to forecast future cash flows;
- performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation; and
- assessing the adequacy of financial report disclosures.

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 2021, 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.

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: https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Independent Auditor's Report

To the members of CountPlus Limited



Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 20 to 29 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CountPlus Limited, for the year ended 30 June 2021 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.

A stylized, handwritten-style signature of the firm Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature of S M Thomas.

S M Thomas
Partner – Audit & Assurance
Sydney, 26 August 2021

ASX Additional Information

The shareholder information set out below was applicable as at 31 July 2021.

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	419	239,938
1,001 to 5,000	638	1,692,120
5,001 to 10,000	291	2,333,113
10,001 to 100,000	467	14,208,193
100,001 and over	85	95,749,195
	1,900	114,222,559
Holding less than a marketable parcel	115	–

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 of Shares	Percentage
1 Colonial Holding Company Ltd	40,945,747	35.85
2 National Nominees Limited	5,460,791	4.78
3 J P Morgan Nominees Australia Pty Limited	5,043,335	4.42
4 HSBC Custody Nominees (Australia) Limited	4,521,988	3.96
5 Mirrabooka Investments Limited	3,450,242	3.02
6 Citicorp Nominees Pty Limited	3,438,363	3.01
7 Mr Barry Martin Lambert	3,300,000	2.89
8 Pacific Custodians Pty Limited (Employee Share Tst A/C)	2,612,310	2.29
9 Santos L Helper Pty Ltd (SBS Van Paassen A/C)	2,100,000	1.84
10 Rowe Heaney Super Fund Pty Ltd (Rowe Heaney Super Fund A/C)	1,700,000	1.49
11 UBS Nominees Pty Ltd	1,389,730	1.22
12 RK Sydney Pty Ltd (RK Family A/C)	1,200,000	1.05
13 Avanteos Investments Limited (7749080 Jonathan A/C)	1,162,528	1.02
14 Mr Joseph Zanca & Mrs Szerenke Zanca (Zanacorp Super Fund A/C)	1,000,000	0.88
15 Harvey Investment Company Pty Ltd (Seastar Investment A/C)	835,561	0.73
16 Mr Michael Allan Beddoes (Beddoes Practice A/C)	800,000	0.70
17 Zanacorp Financial Group Pty Ltd	800,000	0.70
18 Mr Barry Martin Lambert	764,729	0.67
19 Alex J Rowe Pty Ltd (Rowe Heaney Family A/C)	700,000	0.61
20 Mr Raymond John Kellerman & Mrs Ruth Kellerman (The Kellerman S/F A/C)	600,000	0.53
	81,825,324	71.66

Substantial holders

At the date of this report, the substantial shareholder is:

	Listed Ordinary Shares – Fully Paid	
	Number of Shares	Percentage
Colonial Holding Company	40,945,747	35.85

Share Trading

CountPlus Limited's fully paid ordinary shares are listed on the Australian Securities 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:

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