

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

ABN 72 052 507 507



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# Directors' Report

For the Year Ended 30 June 2022

The Directors of Centrepont Alliance Limited (the Company) present their report together with the financial statements of the consolidated entity, being the Company and its controlled entities (the Group) for the year ended 30 June 2022.

## Directors



**Alan Fisher**  
BCom, FCA, MAICD  
*Chairman of the Board,  
Independent Non-Executive  
Director*  
Appointed on 12 November 2015.

### Experience and expertise

Alan is an experienced corporate adviser and public company director. He has a proven track record of implementing strategies that enhance shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand, where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, Alan developed his own corporate advisory business. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructurings and strategic advice. Alan holds a Bachelor of Commerce from the University of Melbourne, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

### Other Current Directorships

Non-Executive Director and Chairman of IDT Australia Limited (ASX:IDT)

Non-Executive Director and Chairman of Audit and Risk Committees of Bionomics Limited (ASX:BNO) and Thorney Technologies Limited (ASX:TEK)

### Former Directorships

Non-Executive Director of Simavita Limited (ASX:SVA)

### Special responsibilities

Chairman of the Board and member of the Nomination, Remuneration and Governance Committee

### Interests in shares and options

Nil



**Georg Chmiel**  
Diplom-Informatiker (Masters equivalent in Computer Science), MBA, CPA (USA), FAICD,  
*Independent Non-Executive  
Director*  
Appointed on 7 October 2016.

### Experience and expertise

Georg brings over 30 years of experience in the financial services industry, online media and real estate industry. Previously he was Managing Director and CEO of iProperty Group, the owner of Asia's leading network of property portal sites and related real estate services before its takeover by REA Group, which was Southeast Asia's largest ever internet buyout at that time. Georg was also Managing Director and CEO of LJ Hooker Group, with 700 offices across nine countries providing residential and commercial real estate as well as financial services, and Chief Financial Officer of REA Group (ASX:REA).

Georg holds a Master of Business Administration from INSEAD, and Diplom-Informatiker (Computer Science Degree) from Technische Universität München and is a member of the American Institute of Certified Public Accountants and a Fellow of the Australian Institute of Company Directors (AICD) and the Institute of Corporate Directors Malaysia (ICDM).

### Other Current Directorships

Non-Executive Director of PropTech Group Limited (ASX:PTG)

Non-Executive Director of BUTN Limited (ASX:BTN)

Non-Executive Chairman of Spacetalk Limited, (ASX:SPA)

### Former Directorships

Non-Executive Director of Mitula Group Limited (ASX:MUA) (from 18 January 2017 to 8 January 2019)

Executive Chair of iCarAsia Limited (ASX:ICQ) (from 1 November 2016 to 11 February 2022)

### Special responsibilities

Chairman of the Group Audit, Risk and Compliance Committee

### Interests in shares and options

800,000 shares indirectly held



### **Martin Pretty**

Graduate Diploma of Applied Finance, BA, CFA, GAICD  
Non-Executive Director  
Appointed on 27 June 2014.

#### **Experience and expertise**

Martin brings to the Board over 20 years' experience in the finance sector. The majority of this experience was gained within ASX-listed financial services businesses including Hub24 Limited, Bell Financial Group Limited and IWL Limited. Martin has also previously worked as a finance journalist with the Australian Financial Review.

Martin holds a Bachelor of Arts (Honours) from the University of Melbourne, and a graduate Diploma of Applied Finance from FINSIA. Martin is a CFA Charterholder and a graduate of the Australian Institute of Company Directors.

#### **Other Current Directorships**

Non-Executive Director and Chairman of Scout Security Limited (ASX:SCT) and Non-Executive Director and Chair of the Audit and Risk Committee of Spacetalk Limited (ASX:SPA)

#### **Special responsibilities**

Chairman of the Nomination, Remuneration and Governance Committee

#### **Interests in shares and options**

105,000 shares indirectly held



### **Alexander Beard**

BCom, FCA, MAICD  
Non-Executive Director  
Appointed on 1 January 2020.

#### **Experience and expertise**

Alexander has a long and distinguished career as a director of numerous public companies over the past 25 years. He is former chief executive of ASX-listed CVC Limited, where he oversaw annual shareholder returns in excess of 15% per annum for over 15 years.

Alexander is a professional investor, Fellow of the Institute of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

#### **Other Current Directorships**

Executive Chairman of Hancock and Gore Limited (ASX:HNG) and Non-Executive Chairman of Anagenics Limited (ASX:AN1) and FOS Capital Limited (ASX:FOS)

#### **Special Responsibilities**

Member of the Group Audit, Risk and Compliance Committee

#### **Interests in shares and options**

555,000 shares directly held

7,182,426 shares indirectly held

**Simon Swanson**

BEc, BBus, FCPA, CIP FANZIIF

Non-Executive Director

Appointed on 1 November 2021.

**Experience and expertise**

Simon Swanson is an internationally experienced financial services executive having worked for over 35 years across life insurance, funds management, general insurance and health insurance. He successfully led the largest life insurer (CommInsure, Sovereign and Colonial) in three countries and spent half his career in the Asia Pacific region. Simon was previously a director of the Australian Literacy and Numeracy Foundation and former Chairman of ANZIIF's Life, Health and Retirement Income Faculty Advisory Board. Simon was effectively the founder of ClearView in its current form and was appointed as Managing Director of ClearView Wealth Limited on 26 March 2010. Simon holds a Bachelor of Economics and Bachelor of Business and is a Fellow of CPA.

**Other Current Directorships**

Managing Director of ClearView Wealth Limited  
(ASX:CVW)

**Interests in shares and options**

Nil

## Company Secretary

**Kim Clark**

Certificate III in Financial Services, Graduate Certificate in Commerce, Certificate of Banking

*Company Secretary*

Appointed on 23 September 2020.

**Experience and expertise**

Kim is the Head of Corporate Services for Boardroom Pty Limited's Queensland office and currently acts as Company Secretary for various ASX listed and unlisted companies in Australia. Kim is an experienced business professional with 22 years' experience in banking and finance and six years as in-house Company Secretary of an ASX 300 company prior to joining Boardroom in April 2013.

**Dr Marty Carne**

BM, BBus, LLB, LLM,  
DBA, GDLP, GCAIF

*Chief Legal Officer and  
Company Secretary*

Appointed on 27 April 2017.

Resigned on 8 October 2021.

**Experience and expertise**

Marty joined the Company in April 2016 and held executive responsibility for Legal, Professional Standards, Risk and Claims Management.

Marty has over 27 years' experience in regulation and financial services.

Marty has held senior positions with a range of financial services companies and the Australian Securities and Investments Commission. Marty has strong commercial and client-centric skills and experience in the delivery of strategic legal advice and risk management.

Marty was appointed as joint Company Secretary on 27 April 2017 and resigned on 8 October 2021.

Marty holds qualifications in law and business and is a member of the Queensland Law Society.

## Meetings of Directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year, and the number of meetings attended by each Director (while they were a Director or committee member).

Members	Board of Directors		Nomination, Remuneration and Governance Committee		Group Audit, Risk and Compliance Committee	
	Held	Attended	Held	Attended	Held	Attended
A. D. Fisher	8	8	3	3	N/A	N/A
M. P. Pretty	8	8	3	3	N/A	N/A
G. Chmiel	8	7	N/A	N/A	3	3
A.D.H. Beard	8	8	N/A	N/A	3	3
S.D. Swanson	4	4	N/A	N/A	N/A	N/A

## Principal Activities

Centrepoint Alliance Limited and its controlled entities operate in the financial services industry within Australia and provide a range of financial advice and licensee support services (including licensing, systems, compliance, training and technical advice) and investment solutions to financial advisers, accountants and their clients across Australia, as well as mortgage aggregation services to mortgage brokers.

## Operating and Financial Review

### Operating Review

FY22 has been a transformational year for Centrepoint Alliance. The Company completed its acquisition of ClearView Group's (ASX:CVW) advice business, delivering strong earnings and profit growth while successfully growing adviser numbers. The second half performance showed strong momentum. Centrepoint Alliance is now operating as a sustainably profitable business with robust capability to invest to expand its service offering while delivering consistent returns to shareholders.

The growth in adviser numbers was particularly pleasing. Centrepoint Alliance finished the financial year with 517 licensed advisers, 175 of whom were acquired through the ClearView Advice acquisition, with additional net growth of 27 advisers. This strong result demonstrates the Company's status as a destination of choice for advisers, and leaves Centrepoint Alliance as one of the few licensees in the Australian market to have achieved net growth at a time when advisers continued to exit the industry.

The self-licensed business continued to perform well, closing the year having grown to 192 self-licensed practices representing approximately 788 self-licensed advisers. The Company's self-licensed proposition has now been consolidated under the LaVista brand, which was acquired as part of the ClearView Advice acquisition. This segment remains a strategic priority and will see ongoing investment to build out and enhance the offer.

The smooth integration of the ClearView Advice business was a highlight. The new organisational structure and operating model were both implemented at completion of the acquisition on 1 November 2021. In designing the operating model, emphasis was placed on ensuring the Company brought together the key strengths of both organisations. The leadership team was enhanced, a dedicated technology role created, and an efficient structure implemented. Pleasingly, the synergies from the transaction have resulted in a lower cost to income ratio (excluding one-off costs, long-term incentives (LTI) and depreciation), of 77%, down from 88% the prior year.

The Company's investment in technology continues, leveraging the capability of its key partners Microsoft, Salesforce and IRESS. FY22 saw a significant focus placed on harmonising the functionality of the core adviser software, Xplan, to ensure the best features and functionality are available for advisers. As part of this process, the Company will continue to build and leverage its technology-enabled regulatory monitoring and compliance oversight.

During the year the Company made upgrades to the technology support provided to advisers, increasing resources in this important area. The Enzumo business, which provides professional services to advice licensees and adviser practices deploying customised Xplan site builds, has been expanding its depth of services. During the year, the Company launched Enzumo Xpress, a hosted Xplan site specifically designed to support advisers who don't want the complexity or burden of managing their own site. Technology remains a key strategic focus for Centrepoint Alliance to assist advisers to increase their practice efficiency.

The investment solutions business is well-progressed in implementing the new strategy focusing on managed accounts. After the end of the 2022 financial year, the Company completed its sale of the Ventura Funds business to Russell Investment Management, the underlying manager for the funds. The Ventura Managed Accounts portfolios have been relaunched with improved investment options and pricing. The business is now focused on launching a range of separately managed accounts (SMAs) leveraging the investment capability of the research team and partnering with the Company's platform partners for distribution.

Centrepoint Lending Solutions has shown strong growth over the last 12 months, with settlements growing by 36% to \$900m and a loan book expanding to \$3.2 billion. As communicated to shareholders during the year, lending presents a significant opportunity for future growth, particularly as interest rates rise and many homeowners look to refinance. The Company is well advanced with the launch of Lending as a Service, which will enable advisers to build a compliant lending business by partnering with Centrepoint Alliance and leveraging its core infrastructure and capability.

Over the 12 months of FY22, Centrepoint Alliance has created a much stronger business, with financial stability, scale, strengthened leadership and improved capabilities. Centrepoint Alliance remains well-positioned in a rapidly evolving advice industry, and the Company will continue to pursue growth through opportunities to drive industry consolidation and other strategic organic and inorganic initiatives.

## Financial Performance and Position

For the financial year ended 30 June 2022, the Group reported a net profit after tax of \$6.5m compared to a net profit after tax of \$1.8m for the financial year ended 30 June 2021. This is primarily due to a gross profit increase of \$3.1m offset by an expense increase of \$2.1m.

	30 June 2022 \$'000	30 June 2021 \$'000
Gross profit from contracts with customers	30,301	27,057
Gross profit	31,164	28,063
Expenses	(28,594)	(26,518)
Profit before tax	2,570	1,545
Income tax benefit	3,922	302
Net profit after tax	<b>6,492</b>	<b>1,847</b>

Gross profit from customer contracts increased by \$3.2m from the prior year. This is primarily due to the increase in authorised representative fee revenue generated from the ClearView Advice acquisition on 1 November 2021. This has been partially offset by cessation of platform rebates on 31 December 2020 and reduced investment margin revenue.

Expenses have increased by \$2.1m. However on a normalised basis there is a \$0.3m decrease from the prior year after stripping out one-off transaction fees from the ClearView Advice acquisition of \$1.1m and long-term incentive employment costs of \$1.6m. This decrease is in line with the Group's strategy to continue its focus on cost management. Employment costs were a significant contributor to the decline, with restructuring initiatives at the end of H1 2022 during the ClearView Advice acquisition. Scalability and efficiency was achieved with an increase in full-time equivalent headcount from 99.3 employees pre-acquisition to 105.2 post acquisition. The Group also reduced professional fees, and cut travel expenditure as a result of the impact of COVID-19. The COVID-19 pandemic continued to be prevalent during the financial year. The pandemic had no material impact on business performance.

The Group recognised an income tax benefit of \$3.9m (30 June 2021: \$0.3m). The significant increase in the current year is a result of recognising a deferred tax asset on prior year Group tax losses. The Group has assessed that future taxable profits will be available, allowing tax losses to be utilised.

The Group held net assets at 30 June 2022 of \$28.3m (30 June 2021: \$11.2m) and net tangible assets of \$6.6m (30 June 2021: \$5.2m) representing net tangible assets per share of 3.71 cents (30 June 2021: 3.62 cents).

The Group's net assets increased by \$17.1m during the year primarily due to the issue of 48,000,000 shares upon acquisition of ClearView Advice on 1 November 2021, equating to \$13.0m (based on the 30-day volume weighted average price [VWAP] prior to acquisition at \$0.27 per share), \$6.5m net profit after tax, offset by \$3.9m in dividends paid. An ordinary dividend of \$1.4m was paid in October 2021 pertaining to the FY21 results, \$1.5m in special dividend was paid in November 2021 pertaining to the Group's acquisition of ClearView Advice and \$1.0m ordinary dividend was paid in March 2022 pertaining to the HY 2022 results.

The Group held \$14.7m in cash and cash equivalents as at 30 June 2022. Cash movement during the year included \$6.4m net



receipts from operations, \$1.5m from other working capital movements and \$1.1m from final repayment of the Astle loan and interest accrued (related party of Australian Life Development Pty Ltd). Cash payments during the year included \$3.9m in dividends paid to shareholders, \$1.0m payment in lease liabilities, finance costs and property, plant and equipment and \$0.5m in claims paid.

## Dividends

On 23 August 2022, the Directors of Centrepoint Alliance Limited declared a fully franked ordinary dividend of 1.0 cent per share in respect of the results for the year ended 30 June 2022. Total dividend declared was \$1,958,818.89 with 15 September 2022 as the record date and 29 September 2022 as the payment date.

On 23 February 2022, the Directors of Centrepoint Alliance Limited declared an interim fully franked ordinary dividend totalling 0.5 cents per share in respect of the half-year ended 31 December 2021. The total dividend paid was \$979,412.27, with 3 March 2022 as the record date and 18 March 2022 as the payment date.

Ahead of Centrepoint Alliance's acquisition of ClearView Advice on 16 September 2021, a fully franked special dividend of 1.0 cent per share was declared. Total dividend paid was \$1,478,818.89, with 29 October 2021 as the record date and 10 November 2021 as the payment date.

On 24 August 2021, the Directors of Centrepoint Alliance Limited declared a fully franked ordinary dividend of 1.0 cent per share in respect of the results for the year ended 30 June 2021. Total dividend paid was \$1,442,829.69 with 24 September 2021 as the record date and 8 October 2021 as the payment date.

## Shares and Performance Rights

In relation to CESP<sup>21</sup>, 1,551,080 performance rights did not meet market conditions and lapsed unvested on the vesting date of 1 September 2021. The remaining 3,598,920 performance rights vested on 1 September 2021 due to the performance criteria under the offer being satisfied.

On 1 November 2021, the Board of Directors approved 8,000,000 performance rights to be issued to the CEO and on 24 December 2021 the Board of Directors approved 3,000,000 performance rights to be issued to the CFO under CESP 23.

There has been no change to the 4,000,000 performance rights that were issued under the CESP 22.

## Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group during the year and up to the date of this report.

## Events Subsequent to the Balance Sheet Date

An agreement was executed between Ventura Investment Management Limited (a subsidiary of the Group which holds an AFS License), and Russell Investment Management Limited (Russell) on 9 February 2022. This resulted in the investment management rights in relation to five Ventura funds being transferred to Russell following the satisfaction of several condition precedents (including Unitholder approval). This transfer took place in July 2022. The remaining four Ventura funds have been closed to investors and were wound up in June 2022.

Other than the events above and the dividend declaration in Note 8, there are no other matters or events which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## Likely Developments

Likely developments in the operations of the Group (including COVID-19 considerations) and the expected results of those operations in future financial years have been addressed in the Operating and Financial Review and in the subsequent events disclosure Note 22. The Directors are not aware of any other significant material likely developments requiring disclosure.

## Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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<sup>1</sup> Centrepoint Alliance Employee Share Plan (CESP)

## Corporate Governance Statement and Practices

The Group's Corporate Governance Statement for the financial year ended 30 June 2022 was approved by the Board on 23 August 2022. The Corporate Governance Statement is available on the Group's website: [www.centrepoinalliance.com.au/investor-centre/corporate-governance/](http://www.centrepoinalliance.com.au/investor-centre/corporate-governance/).

## Indemnification and Insurance of Directors and Officers

During the financial year, the Group paid a premium for a policy insuring all Directors of the Company, the Company Secretaries and all Executive Officers against any liability incurred by such director, secretary or executive officer to the extent permitted by the *Corporations Act 2001* (the Act).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise during or since the end of the financial year, indemnified or agreed to indemnify any officer of the Company against a liability incurred as such officers.

## Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO Audit Pty Ltd during or since the end of the financial year.

## Rounding

The Company is a company of the kind referred to in the Australian Securities and Investments Commission's (ASIC's) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Instrument, amounts in the financial report are presented in Australian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

# Remuneration Report

The Remuneration Report for the year ended 30 June 2022 outlines the remuneration arrangements of the Key Management Personnel of the Group in accordance with the requirements of the Act and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

- Key Management Personnel
- Remuneration philosophy
- Group performance
- Nomination, Remuneration and Governance Committee (NRGC)
- Employment contracts
- Details of remuneration
- Shareholdings of Key Management Personnel
- Option holdings of Key Management Personnel
- Other transactions with Key Management Personnel and their related parties.

For the purposes of the Report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

## Key Management Personnel

The Key Management Personnel of the Company during the financial year were as follows:

<b>A. D. Fisher</b>	Chair and Director (non-executive)
<b>M. P. Pretty</b>	Director (non-executive)
<b>G. J. Chmiel</b>	Director (non-executive)
<b>A. D. H. Beard</b>	Director (non-executive)
<b>B. M. Glass</b>	Chief Financial Officer
<b>J. G. Shuttleworth</b>	Chief Executive Officer (appointed 4 August 2021)
<b>S.D. Swanson</b>	Director (non-executive, appointed 1 November 2021)

There were no further changes of KMP after the reporting date and before the signing of this Report.

## Remuneration Philosophy

The performance of the Company depends on the quality of its Directors, executives and employees. To prosper, the Company must attract, motivate and retain skilled and high-performing individuals. Accordingly, the Company's remuneration framework is structured to provide competitive rewards to attract the highest calibre people.

The level of fixed remuneration is set to provide a base level of remuneration that is appropriate to the position and competition in the market. It is not directly related to the performance of the Company. Fixed remuneration is reviewed annually, and the process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market, internal relativities where appropriate, and external advice on policies and practices.

Short-term incentives in the form of potential cash bonuses are made available to Executive KMP. Any award is based on the achievement of pre-determined objectives.

Long-term incentives are made available to certain Executive KMP in the form of performance rights, shares or options. The Directors consider these to be the best means of aligning incentives of Executive KMP with the interests of shareholders.

The remuneration of Non-Executive Directors of the Company consists only of Directors' fees.

## Group Performance

Shareholder returns for the last five years have been as follows:

	2022	2021	2020	2019	2018 restated
<b>GROUP</b>					
Net profit/(loss) after tax – (\$'000)	6,492	1,847	(2,000)	(1,576)	(6,884)
EPS (basic) – (cents per share)	3.63	1.28	(1.35)	(1.06)	(4.62)
EPS (diluted) – (cents per share)	3.35	1.18	(1.35)	(1.06)	(4.62)
Share price (\$)	0.29	0.22	0.09	0.10	0.38
Dividends paid – (cents per share)	2.50	4.00	–	–	9.40

## Nomination, Remuneration and Governance Committee (NRGC)

The role of the NRGC includes the setting of policy and strategy for the appointment, compensation and performance review of Directors and Executives, approving senior executive service agreements and severance arrangements, overseeing the use of equity-based compensation and ensuring appropriate communication and disclosure practices are in place.

Non-Executive Directors are not employed under specific employment contracts but are subject to provisions of the Act in terms of appointment and termination. The Company applies the ASX listing rules that specify aggregate remuneration shall be determined from time to time by shareholders in a general meeting. The maximum aggregate remuneration for the financial year ended 30 June 2022, which was approved by a resolution of shareholders at the Annual General Meeting on 29 November 2016, is \$550,000.

The remuneration of the Non-Executive Directors does not currently incorporate a component based on performance. Within the limits approved by Company shareholders, individual remuneration levels are set by reference to market levels.

Executive Directors (of which there are none) and executives are employed under contracts or agreed employment arrangements that specify remuneration amounts and conditions.

The Board has introduced an incentive system for Executives and senior employees based on issuing performance rights in the Company.

The Company's Securities Trading Policy prohibits Directors from entering into margin lending arrangements, and also forbids Directors and senior executives from entering into hedging transactions involving the Company's securities.

Details of current incentive arrangements for KMPs, where they exist, are shown in the succeeding sections.

## Employment Contracts

Details of the terms of employment of the named KMP Executives are set out below. Those Executives that do not meet the KMP definition are not included here.

### John Shuttleworth

#### Chief Executive Officer

**Employment period:**

4 August 2021

**Term:**

No term specified

**Discretionary incentives:***Short-term incentive*

Eligible from the date of appointment to participate in the Company's short-term incentive plan, the terms of which are at the absolute discretion of the Board.

Eligible to receive a short-term incentive of up to 50% of base salary in respect of each financial year in which Mr Shuttleworth is employed by the Company.

*Long-term incentive*

As approved in the 2021 Annual General Meeting, the CEO was issued with 8,000,000 performance rights on 2 November 2021 under the Company's approved Long-Term Incentive Plan (LTIP).

**Required notice by Executive and Company:**

Six months.

**Termination entitlement:**

Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination. Also, any short-term incentive or long-term incentive not vested may be paid or granted at the discretion of the Board.

### Brendon Glass

#### Chief Financial Officer

**Employment commencement date:**

4 June 2020

**Term:**

No term specified

**Discretionary incentives:***Short-term incentive*

Eligible from the date of appointment to participate in the Company's short-term incentive plan as amended or varied from time to time by the Company in its absolute discretion and without any limitation on its capacity to do so.

*Long-term incentive*

On 11 November 2021, the Board approved the CFO issuance of 3,000,000 performance rights (in three tranches) issued on 24 December 2021 under the Company's approved Long-Term Incentive Plan (LTIP).

**Required notice by Executive and Company:**

Six months.

## Details of remuneration

Details of the nature and amount of each element of the remuneration of each KMP of the Group are shown in the table below:

	Year	No. of days remuneration	Short-term benefits		Post-Employment	Long-term benefits		Share-based payments		Termination /Resignation payments	Total	Performance related %	Share related %
			Salary & Fees \$	Cash Bonus \$	Superannuation \$	Cash incentives \$	Long service leave \$	Performance rights <sup>3</sup> \$	Shares \$				
A. D. Fisher	2022	365	123,288	–	12,329	–	–	–	–	–	135,617	–	–
	2021	365	123,288	–	11,712	–	–	–	–	–	135,000	–	–
M. P. Pretty	2022	365	85,000	–	–	–	–	–	–	–	85,000	–	–
	2021	365	85,000	–	–	–	–	–	–	–	85,000	–	–
G. J. Chmiel	2022	365	77,626	–	7,763	–	–	–	–	–	85,389	–	–
	2021	365	77,626	–	7,374	–	–	–	–	–	85,000	–	–
A.G.R. Benbow <sup>1</sup>	2022	–	–	–	–	–	–	–	–	–	–	–	–
	2021	332	421,576	308,750	21,694	–	–	–	–	453,306	1,205,326	25.62%	–
A.D.H. Beard	2022	365	77,626	–	7,763	–	–	–	–	–	85,389	–	–
	2021	365	77,626	–	7,374	–	–	–	–	–	85,000	–	–
B. M. Glass	2022	365	321,384	200,000	23,568	–	–	293,595	–	–	838,547	23.85%	35.01%
	2021	365	303,306	–	21,694	–	–	–	–	–	325,000	–	–
J.G. Shuttleworth <sup>2</sup>	2022	331	409,615	–	23,568	–	–	1,074,600	–	–	1,507,783	–	71.27%
	2021	–	–	–	–	–	–	–	–	–	–	–	–
S.D. Swanson	2022	242	40,000	–	–	–	–	–	–	–	40,000	–	–
	2021	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>2022</b>		<b>1,134,539</b>	<b>200,000</b>	<b>74,991</b>	<b>–</b>	<b>–</b>	<b>1,368,195</b>	<b>–</b>	<b>–</b>	<b>2,777,725</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>2021</b>		<b>1,088,422</b>	<b>308,750</b>	<b>69,848</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>453,306</b>	<b>1,920,326</b>	<b>–</b>	<b>–</b>

<sup>1</sup> Resigned during the previous financial year.

<sup>2</sup> Appointed in the current financial year

<sup>3</sup> Accounting expense in accordance with AASB 2, not yet vested

Performance rights, shares and options awarded, vested, lapsed and forfeited

Name	Year	Grant date	Fair value at grant date \$	Vesting Date	Target share price hurdle \$	Expiry date	Vested in year No.	Lapsed in year No.	Forfeited in year No.
J. G. Shuttleworth*	2021	2-Nov-2021	\$0.2275 for 2,000,000 shares on 30 November 2022 \$0.2028 for 2,000,000 shares on 30 November 2022 \$0.1780 for 2,000,000 shares on 30 September 2023 \$0.1432 for 2,000,000 shares on 30 September 2024	Tranche 1 – Up to 4,000,000 on 30 November 2022 Tranche 2 – Up to 6,000,000 on 30 September 2023 Tranche 3 – Up to 8,000,000 on 30 September 2024	Share price equalling or exceeding: \$0.30 for 2,000,000 shares \$0.35 for 2,000,000 shares \$0.42 for 2,000,000 shares \$0.55 for 2,000,000 shares	3 years from the date of vesting noting that vesting may roll into subsequent periods	–	–	–
B. M. Glass	2021	24-Dec-2021	\$0.1668 for 900,000 shares on 30 September 2022 \$0.1495 for 600,000 shares on 30 September 2022 \$0.1495 for 100,000 shares on 30 September 2023 \$0.1188 for 650,000 shares on 30 September 2023 \$0.1188 for 50,000 shares on 30 September 2024 \$0.0802 for 700,000 shares on 30 September 2024	Tranche 1 – Up to 1,500,000 on 30-September-2022 Tranche 2 – Up to 2,250,000 on 30 September 2023 Tranche 3 – Up to 3,000,000 on 30 September 2024.	Share price equalling or exceeding: \$0.30 for 900,000 shares \$0.35 for 700,000 shares \$0.42 for 700,000 shares \$0.55 for 700,000 shares	3 years from the date of vesting noting that vesting may roll into subsequent periods	–	–	–
A. G. R. Benbow <sup>1</sup>	2019	28-Feb-2019	0.0199	01-Sep-2021	–	01-Sep-2024	–	–	2,700,000
J. S. Cowan <sup>2</sup>	2018	02-Oct-2017	0.41	24-Sep-2020	–	24-Sep-2023	–	250,000	–
	2017	19-Dec-2016	0.51	09-Dec-2019	–	09-Dec-2022	–	–	–

<sup>1</sup> Previous Chief Executive Officer, resigned last financial year

<sup>2</sup> Previous Chief Financial Officer, resigned in 2019 financial year

\*Share rights for the Chief Executive Officer were approved at the 2021 AGM. A change in vesting dates is subject to approval of shareholders.



Reconciliation of the number and fair value of options, shares and performance rights held by KMP

Name	Year	Balance at the start of the period	Granted as compensation during the period	Exercised during the period		Lapsed during the period		Forfeited during the period		Balance at the end of the period		Vested No.	Unvested No.
		No.	No.	No.	Value (\$)	No.	Value (\$)	No.	Value (\$)	No.	Value (\$)		
<b>Performance rights</b>													
J. G. Shuttleworth	2021	–	8,000,000	1,074,600	–	–	–	–	–	–	8,000,000	–	–
B. M. Glass	2021	–	3,000,000	293,595	–	–	–	–	–	–	3,000,000	–	–
A. G. R. Benbow	2019	2,700,000	–	–	–	–	–	–	2,700,000	–	–	–	–
J. S. Cowan	2018	250,000	–	–	–	–	250,000	102,500	–	–	–	–	–

The following assumptions were used for the valuation of the 2021 Performance Rights with a grant date of 24 December 2021 for the CFO and 2 November 2021 for the CEO:

- The share price of \$0.245 was the closing price of the Group's shares as at the grant date for the CFO and \$0.280 for the CEO.
- Performance Rights vest on the vesting date, there is no exercise period therefore the life of the Performance Rights is from the grant date to the vesting date.
- The risk-free interest rate is nil. This is the yield on zero-coupon Australian Government bonds issued in Australian Dollars with a remaining term equal to the expected life of Performance Rights being valued. The yield is converted into a continuously compounded rate in the valuation model.
- The dividend yield on the Group's shares is assumed to be between 9.52% and 12.24% for the purposes of this valuation. The yield is converted into a continuously compounded rate in the valuation model.
- The expected volatility of 64% was determined based on historic share price volatility of the Group, implied volatility of publicly traded options over the Group's shares and the tendency of volatility to revert to its mean. The Group's volatility on annualised historical daily volatility over the 3-year period to the valuation date was considered.

## Shareholdings of Key Management Personnel

Shares held in Centrepoint Alliance Limited (number)

	Balance 1 July 2021	Granted as remuneration	On exercise of options	Net change of other <sup>1</sup>	Balance 30 June 2022
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
A.D. Fisher	–	–	–	–	–
M.P. Pretty	105,000	–	–	–	105,000
G.J. Chmiel	800,000	–	–	–	800,000
A.G.R. Benbow <sup>2</sup>	1,198,434	–	–	(1,198,434)	–
A.D.H. Beard	10,998,296	–	–	(3,260,870)	7,737,426
B.M. Glass	–	–	–	–	–
J. G. Shuttleworth <sup>3</sup>	–	–	–	90,000	90,000
S.D. Swanson	–	–	–	–	–

<b>Objective</b>	<p><b>Short-term incentives</b></p> <p>The objective of short-term incentives (STI) is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and the cost to the Group is reasonable. The purpose of STI is to focus the Group's efforts on those performance measures and outcomes that are priorities for the Group for the relevant financial year and to motivate the employees to strive to achieve stretch performance objectives.</p> <p><b>Long-term incentives</b></p> <p>The objective of LTI's are to reward executives and certain senior managers in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives and certain senior managers, who are able to significantly influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long-term performance hurdles.</p>
<b>Structure</b>	<p><b>Short-term incentives</b></p> <p>In August 2017, the Directors approved a new executive STI scheme based on earnings before interest, tax, depreciation and amortisation (EBITDA) and the achievement of underlying organisational and team goals. The target EBITDA is approved by the Board for each financial year. To be eligible for an STI payment a threshold EBITDA must be met and executives must achieve at least 70% of their individual performance objectives and minimum job competency and core values ratings. The target STI payable to executives is 40% (CEO is 50%) of Total Fixed Remuneration. The Maximum STI payable for executives is 60% (CEO 75%) of Total Fixed Remuneration. On an annual basis, after consideration of performance against KPIs, the NRGCC will review results and determine individual amounts approved for payment.</p> <p>For other employees there is an STI scheme where a bonus pool based on results, and approved by the Board, is weighted by a two-tiered approach with weightings assigned to each level, being Centrepoint Group results and individual KPIs.</p> <p><b>Long-term incentives</b></p> <p>LTI awards to executives are made under the executive LTI plans and are delivered in the form of shares or rights. Shares vest in tranches over a specified time period and may also have other performance hurdle requirements, typically related to shareholder return, as determined by the NRGCC.</p> <p>Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria being achieved. The performance rights will only vest if certain profit targets are met.</p>

<sup>1</sup> All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length. Shares include indirect interests.

<sup>2</sup> Resigned last financial year.

<sup>3</sup> Appointed this financial year

## Awards

**Long-term incentives***CESP20*

On 2 October 2017, the Board approved the grant of 700,000 performance rights to the senior executives of the Group under the CESP at 41.0 cents per performance right.

As the vesting conditions were not satisfied on the vesting date of 24 September 2020, these shares lapsed.

*CESP21*

On 7 February 2019, the Board approved the grant of 6,850,000 performance rights to the senior executives and other senior leaders of the Group under the CESP at 0.0144 cents per performance right. The Board approved the grant of 2,700,000 performance rights on 28 February 2019 to the CEO under the CESP at 0.0199 cents per performance right.

These were legally held by the CESPT<sup>1</sup> and not converted into fully paid ordinary CAF shares until satisfaction of the vesting conditions determined on 1 September 2022 based on the following:

If the absolute Total Shareholder Return (TSR) for the financial year ended 30 June 2021 is:

- Target share price hurdle of 28.0 cents, 50% of the performance rights will vest;
- Stretch share price hurdle of 32.0 cents, 100% of the performance rights will vest.

The VWAP<sup>2</sup> at the start of the performance period – being 1 February 2019, was \$0.10 for the awards granted on 7 February 2019.

The VWAP at the start of the performance period – being 25 February 2019, was \$0.12 for the awards granted on 28 February 2019.

In April 2021 modifications made to the CESP21 exercise prices from 28.0 cents to 22.0 cents, and 32.0 cents to 25.0 cents, respectively. Due to the resignation of senior executives and senior leaders including the CEO, 5,150,000 performance rights existed at 31 June 2021.

In September 2021, 1,551,080 of the CESP21 performance rights had lapsed and did not meet market conditions. This was reclassified to retained earnings in the period, with no change to total equity. The remaining 3,598,920 vested performance rights were converted to fully paid ordinary CAF shares.

## Awards

*CESP22*

The Board approved the grant of 4,000,000 performance rights on 20 February 2020 to senior executives of the Group under the CESP at \$0.0579 per performance right.

These are legally held by the CESPT and not converted into fully paid ordinary CAF shares until satisfaction of the vesting conditions determined on 1 December 2022 based on the following:

If the absolute Total Shareholder Return (TSR) for 30 June 2022 financial year is:

- Target share price hurdle of 18.0 cents, 50% of the performance rights will vest;
- Stretch share price hurdle of 20.0 cents, 100% of the performance rights will vest.

The Volume Weighted Average Price (VWAP) at the start of the performance period – 29 November 2019, was \$0.13 for the awards granted on 31 January 2020.

*CESP23*

On 1 November 2021, the Board of Directors approved 8,000,000 performance rights to be issued to the CEO and on 11 November 2021 the Board of Directors approved 3,000,000 performance rights to be issued to the CFO under the CESP. The fair value of the performance rights issued were calculated as at the date of grant using the Monte Carlo Model. This model took into account the terms and conditions upon which the performance rights were granted and market-based inputs as at the grant date.

**CEO Transitional Terms (short-term and long-term incentives)**

The CEO will be eligible for discretionary annual incentive plans, the terms of which are at the absolute discretion of the Board. Refer to page 14, Employment Contracts for further details.

<sup>1</sup> Centrepoint Alliance Employee Share Plan Trust (CESPT).

<sup>2</sup> Volume Weighted Average Price of Centrepoint Alliance Ltd Shares traded on the Australian Securities Exchange and hi-X Australia during the 10 trading days prior to, and including the start date of, the performance period.

## Option holdings of Key Management Personnel

No options to purchase shares were held by KMP.

## Other transactions with Key Management Personnel and their related parties

Directors of the Company, or their related entities, conduct transactions with the Company or its controlled entities within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director related entity at arm's length in similar circumstances. There are no transactions by Directors in the current or prior financial year other than the ones disclosed above.

## Auditor Independence and Non-Audit Services

The auditor – BDO Audit Pty Ltd, has provided a written independence declaration to the Directors in relation to its audit of the financial report for the year ended 30 June 2022. The Independence Declaration, which forms part of this report is on page 21.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Act. The nature and scope of non-audit services provided means that auditor independence was not compromised.

	2022 \$'000	2021 \$'000
Fees for the audit or review of the statutory financial report and assurance services that are required by legislation to be provided by the auditor	446	359
Fees for other services (predominantly taxation)	69	90
	<b>515</b>	<b>449</b>

Signed in accordance with a resolution of the Directors.



**A. D. Fisher**  
Chair  
23 August 2022

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF CENTREPOINT ALLIANCE LIMITED

As lead auditor of Centrepoint Alliance Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Centrepoint Alliance Limited and the entities it controlled during the period.



Tim Aman  
Director

BDO Audit Pty Ltd

Sydney

23 August 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 \$'000	2021 \$'000
<b>Revenue</b>			
Revenue from contracts with customers	4(a)	227,665	138,176
Contractual payments to advisers	4(a)	(197,364)	(111,119)
Gross profit from contracts with customers		30,301	27,057
Interest income	4(b)	53	175
Other income	4(c)	810	831
<b>Gross Profit</b>		<b>31,164</b>	<b>28,063</b>
<b>Expenses</b>			
Employee related expenses	4(d)	(18,470)	(17,030)
Professional services		(1,681)	(2,072)
Depreciation and amortisation		(1,837)	(1,581)
Subscriptions and licences		(1,744)	(1,325)
IT and communication expenses		(1,066)	(765)
Low value and variable costs related to property and equipment	14(a)	(370)	(526)
Marketing and promotion		(257)	(366)
Travel and accommodation		(76)	(227)
Expected credit loss reversal/(expense)		96	(143)
Finance costs	4(e)	(120)	(99)
Client claims		(4)	(36)
Property costs	14(a)	(44)	(5)
Other general and administrative expenses		(3,021)	(2,343)
		<b>(28,594)</b>	<b>(26,518)</b>
<b>Profit before tax</b>		<b>2,570</b>	<b>1,545</b>
Income tax (benefit)	5(a)	(3,922)	(302)
<b>Net profit for the year</b>		<b>6,492</b>	<b>1,847</b>
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR</b>		<b>6,492</b>	<b>1,847</b>
<b>Net profit attributable to:</b>			
Owners of the parent		6,492	1,847
Non-controlling interests		-	-
<b>Net profit for the year</b>		<b>6,492</b>	<b>1,847</b>
<b>Total comprehensive profit attributable to:</b>			
Owners of the parent		6,492	1,847
Non-controlling interests		-	-
<b>Total comprehensive profit for the year</b>		<b>6,492</b>	<b>1,847</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent</b>		<b>Cents</b>	<b>Cents</b>
Basic profit cents per share	9	3.63	1.28
Diluted profit cents per share	9	3.35	1.18

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached Notes.

# Consolidated Statement of Financial Position

	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	7.1.1	14,742	11,130
Trade and other receivables	7.1.2	5,113	6,664
Loan receivables	7.1.3	293	1,108
Contract assets	7.1.4	87	-
Other assets		1,211	1,024
<b>Total current assets</b>		<b>21,446</b>	<b>19,926</b>
<b>Non-current</b>			
Loan receivables	7.1.3	115	99
Investments	7.1.5	116	116
Property, plant and equipment	13	483	295
Right-of-use assets	14(b)	2,501	516
Intangible assets and goodwill	15	17,842	3,084
Deferred tax assets	5(c)	6,558	2,881
Other assets		280	114
<b>Total non-current assets</b>		<b>27,895</b>	<b>7,105</b>
<b>TOTAL ASSETS</b>		<b>49,341</b>	<b>27,031</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	7.1.6	10,045	9,814
Lease liabilities	7.1.7	507	438
Provisions	16	5,284	5,170
Deferred tax liabilities		280	-
<b>Total current liabilities</b>		<b>16,116</b>	<b>15,422</b>
<b>Non-current</b>			
Lease liabilities	7.1.7	2,013	52
Provisions	16	468	370
Deferred tax liabilities		2,426	-
<b>Total non-current liabilities</b>		<b>4,907</b>	<b>422</b>
<b>TOTAL LIABILITIES</b>		<b>21,023</b>	<b>15,844</b>
<b>NET ASSETS</b>		<b>28,318</b>	<b>11,187</b>
<b>EQUITY</b>			
Contributed equity	10(a)	47,594	34,301
Reserves	11	3,551	6,227
Accumulated losses		(22,945)	(29,459)
<b>Equity attributable to shareholders</b>		<b>28,200</b>	<b>11,069</b>
Non-controlling interests		118	118
<b>TOTAL EQUITY</b>		<b>28,318</b>	<b>11,187</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the attached Notes.

# Consolidated Statement of Cash Flows

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		228,678	139,732
Cash paid to suppliers and employees		(220,835)	(135,820)
Cash provided by operations		7,843	3,912
Claims and litigation settlements	15(a)	(547)	(1,152)
<b>Net cash flows provided by operating activities</b>	6(a)	<b>7,296</b>	<b>2,760</b>
<b>Cash Flows from Investing Activities</b>			
Interest (paid)/received		(25)	131
Proceeds from interest-bearing loan		1,103	2,434
Acquisition of intangible assets	15.1.1	-	(12)
Acquisition of property, plant and equipment	13	(368)	(58)
Payment for acquisition of subsidiaries, net of cash acquired	12.8	68	-
Dividends received from investments		101	285
<b>Net cash flows provided by investing activities</b>		<b>879</b>	<b>2,780</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of lease liabilities		(613)	(800)
Finance costs	4(e)	(48)	(26)
Dividends paid	8(a)	(3,902)	(5,771)
<b>Net cash flows used in financing activities</b>		<b>(4,563)</b>	<b>(6,597)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,612</b>	<b>(1,057)</b>
Cash and cash equivalents at the beginning of the year		11,130	12,187
<b>Cash and cash equivalents at the end of the year</b>		<b>14,742</b>	<b>11,130</b>

The Consolidated Statement of Cash Flows is to be read in conjunction with the attached Notes.



## Consolidated Statement of Changes in Equity

	Notes	Ordinary shares \$'000	Dividend reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>		<b>34,301</b>	<b>5,888</b>	<b>339</b>	<b>(29,459)</b>	<b>11,069</b>	<b>118</b>	<b>11,187</b>
Profit for the year		-	-	-	6,492	6,492	-	6,492
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,492</b>	<b>6,492</b>	<b>-</b>	<b>6,492</b>
Transfer of non-vested performance rights from reserves to retained earnings	11(a)	-	-	(22)	22	-	-	-
Transfer of vested performance rights to share capital	11(a)	312	-	(312)	-	-	-	-
Share-based payment	11(a)	-	-	1,560	-	1,560	-	1,560
Issue of shares	12.3	12,981	-	-	-	12,981	-	12,981
Dividends paid	11(b)	-	(3,902)	-	-	(3,902)	-	(3,902)
<b>Balance at 30 June 2022</b>		<b>47,594</b>	<b>1,986</b>	<b>1,565</b>	<b>(22,945)</b>	<b>28,200</b>	<b>118</b>	<b>28,318</b>
<b>Balance at 1 July 2020</b>		<b>34,301</b>	<b>11,659</b>	<b>1,259</b>	<b>(32,486)</b>	<b>14,733</b>	<b>118</b>	<b>14,851</b>
Profit for the year		-	-	-	1,847	1,847	-	1,847
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,847</b>	<b>1,847</b>	<b>-</b>	<b>1,847</b>
Transfer of non-vested performance rights from reserves to retained earnings	11(a)	-	-	(1,180)	1,180	-	-	-
Share-based payment	11(a)	-	-	260	-	260	-	260
Dividends paid	11(b)	-	(5,771)	-	-	(5,771)	-	(5,771)
<b>Balance at 30 June 2021</b>		<b>34,301</b>	<b>5,888</b>	<b>339</b>	<b>(29,459)</b>	<b>11,069</b>	<b>118</b>	<b>11,187</b>

The consolidated Statement of Changes in Equity is to be read in conjunction with the attached notes.

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## 1. Corporate information

The consolidated financial statements of Centrepoint Alliance Limited (the Company or the Parent Entity) and its subsidiaries (the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 23 August 2022.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure and other related party disclosures is provided in Note 20.

## 2. Summary of significant accounting policies

### Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Act, Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report has also been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value. Where necessary, comparative information has been updated to be consistent with the current reporting period.

For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

AASB 101 *Presentation of Financial Statements* requires management to assess the entity's ability to continue as a going concern. In making the assessment, the standard requires that all available information about the future 12 months from the reporting period or date of issue of financial statements (whichever is later), needs to be taken into consideration. Any material uncertainties that cast significant doubt on the capability to continue as a going concern such as scope of the impact on future costs and revenues, need to be disclosed in the financial statements.

Sufficient cash reserves are projected over the next 14 months. Apart from the outflows relating to general operational spend and potential future dividends to shareholders, inflows are projected to increase, factoring in organic business growth, the FinChoice wholesale deal with the addition of 28 wholesale advisers added in FY22, and the acquisition of the ClearView Advice business on 1 November 2021, which will further increase adviser fees and subscriptions.

### Compliance with International Financial Reporting Standards

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### New and revised Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Standards and interpretations issued but not yet effective

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the annual reporting year ended 30 June 2022.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022.

Subsidiaries are entities that are controlled by the Company. The financial results and financial position of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. A list of the Company's controlled entities (subsidiaries) is included in Note 20.

### Business combinations

The Group applies the acquisition method in accounting for business combinations in accordance with AASB 3 *Business Combinations*. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

With the exception of deferred tax assets and liabilities related to employee benefits, the Group recognised the assets acquired and the liabilities assumed of ClearView Advice at fair value on acquisition date of 1 November 2021. The Group has recorded goodwill on acquisition as the consideration transferred is in excess of the net identifiable assets acquired. The Group does not have any previously held equity interest in ClearView Advice nor has it acquired any assets held for sale.

Deferred tax liability is recognised on intangible assets, except goodwill, arising on a business combination based on the difference of the carrying value of the asset on initial recognition in the consolidated accounts and the tax base. As the intangible asset is amortised or impaired, the temporary difference will decrease. The reduction in the deferred tax liability is recognised in profit or loss as a deferred tax credit.

### Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting estimates with significant areas of uncertainty and critical judgements have been applied to the following:

- Intangible assets and goodwill recoverable amounts – Note 15
- Provision for client claims – Note 16
- Recognition of deferred tax assets – Note 5
- Adviser service fees – Note 17

### Foreign currency

Both the functional and presentation currency of the Group is Australian dollars (\$).

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences relating to monetary items are included in the Statement of Profit or Loss and Other Comprehensive Income, as exchange gains or losses, in the year when the exchange rates changed.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

### 3. Segment information

#### Key accounting policies

#### Operating Segments

Under AASB 8 *Operating Segments*, the Group determines and presents operating segments based on the nature of the products and services provided and the markets in which it operates. The senior executives of the Group are the chief operating decision makers.

Board, corporate finance, company secretarial and other administration functions of the Group not allocated to the other reportable segments are identified as Corporate and Unallocated.

The operating segments identified are below:

Business segment	Operations
Licensee and advice services	This segment represents the business that provides Australian Financial Services Licensee services to financial advisers and their clients and mortgage broking services.
Fund management and administration	This segment provides investor directed portfolio services and investment management services to financial advisers, accountants and their clients.
Consulting services	This segment represents the business that provides consulting to both self-licenced advisers and licensees.

The corporate and unallocated balances represent corporate finance, company secretarial and other administration functions of the Group that are not considered an operating segment.

The Group operated only in Australia during the financial year. A detailed review of these segments is included in the Directors' Report. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Year ended 30 June 2022	Licensee & Advice Services \$'000	Funds Management & Administration \$'000	Consulting Services \$'000	Corporate & Unallocated \$'000	Total \$'000
<b>Segment revenue</b>					
<i>Revenue from contracts with customers</i>					
Authorised representative fees	15,742	-	-	-	<b>15,742</b>
Advice revenue	198,316	-	-	-	<b>198,316</b>
Product revenue	768	8,107	-	325	<b>9,200</b>
Virtual services	2,840	-	99	-	<b>2,939</b>
Licensing and managed services	1,337	-	-	(271)	<b>1,066</b>
Consulting services	-	-	412	(10)	<b>402</b>
<i>Contractual payments to advisers</i>					
Advice revenue paid to advisers	(193,876)	-	-	-	<b>(193,876)</b>
Fees paid to advisers/fund managers	-	(3,403)	(85)	-	<b>(3,488)</b>
<b>Gross profit from contracts with customers</b>	<b>25,127</b>	<b>4,704</b>	<b>426</b>	<b>44</b>	<b>30,301</b>
<i>Interest income</i>	10	29	-	14	<b>53</b>
<i>Other income</i>	218	-	-	592	<b>810</b>
<b>Total segment gross profit</b>	<b>25,355</b>	<b>4,733</b>	<b>426</b>	<b>650</b>	<b>31,164</b>
<b>Other material expenses</b>					
Interest charges and interest on lease liabilities	(27)	-	(4)	(89)	<b>(120)</b>
Client claims	(4)	-	-	-	<b>(4)</b>
Depreciation and amortisation	(491)	-	(217)	(1,129)	<b>(1,837)</b>
Impairment of assets	85	6	5	-	<b>96</b>
Inter-segment expenses <sup>1</sup>	(14,976)	(1,147)	-	16,123	<b>-</b>
<b>Total other material expenses</b>	<b>(15,413)</b>	<b>(1,141)</b>	<b>(216)</b>	<b>14,905</b>	<b>(1,865)</b>
<b>Segment profit/(loss) before tax</b>	<b>6,219</b>	<b>3,087</b>	<b>10</b>	<b>(6,746)</b>	<b>2,570</b>
Income tax expense/(benefit)	129	-	(85)	(3,966)	<b>(3,922)</b>
<b>Segment profit/(loss) after tax</b>	<b>6,090</b>	<b>3,087</b>	<b>95</b>	<b>(2,780)</b>	<b>6,492</b>
<b>Total comprehensive income for the year</b>	<b>6,090</b>	<b>3,087</b>	<b>95</b>	<b>(2,780)</b>	<b>6,492</b>
Statement of Financial Position at 30 June 2022					
<b>Total assets</b>	<b>34,849</b>	<b>25,726</b>	<b>1,841</b>	<b>(13,075)</b>	<b>49,341</b>
<b>Total liabilities</b>	<b>(12,476)</b>	<b>(48)</b>	<b>(305)</b>	<b>(8,194)</b>	<b>(21,023)</b>
<b>Net assets</b>	<b>22,373</b>	<b>25,678</b>	<b>1,536</b>	<b>(21,269)</b>	<b>28,318</b>

<sup>1</sup> Inter-segment expenses represent employee related costs and other expenses paid centrally, which are allocated to the segments in which they are incurred.

Year ended 30 June 2021	Licensee & Advice Services \$'000	Funds Management & Administration \$'000	Consulting Services \$'000	Corporate & Unallocated \$'000	Total \$'000
<b>Segment revenue</b>					
<i>Revenue from contracts with customers</i>					
Authorised representative fees	11,083	-	-	-	<b>11,083</b>
Advice revenue	110,628	-	-	-	<b>110,628</b>
Product revenue	2,792	9,617	-	-	<b>12,409</b>
Virtual services	1,633	-	248	-	<b>1,881</b>
Licensing and managed services	1,541	-	-	(256)	<b>1,285</b>
Consulting services	-	-	893	(3)	<b>890</b>
<i>Contractual payments to advisers</i>					
Advice revenue paid to advisers	(107,591)	-	-	-	<b>(107,591)</b>
Fees paid to advisers/fund managers	(262)	(3,064)	(202)	-	<b>(3,528)</b>
<b>Gross profit from contracts with customers</b>	<b>19,824</b>	<b>6,553</b>	<b>939</b>	<b>(259)</b>	<b>27,057</b>
<i>Interest income</i>	9	120	-	46	<b>175</b>
<i>Other income</i>	653	-	37	141	<b>831</b>
<b>Total segment gross profit</b>	<b>20,486</b>	<b>6,673</b>	<b>976</b>	<b>(72)</b>	<b>28,063</b>
<b>Other material expenses</b>					
Interest charges and interest on lease liabilities	(33)	-	(6)	(60)	<b>(99)</b>
Client claims	(36)	-	-	-	<b>(36)</b>
Depreciation and amortisation	(103)	-	(227)	(1,251)	<b>(1,581)</b>
Impairment of assets	(130)	-	(13)	-	<b>(143)</b>
Inter-segment expenses <sup>1</sup>	(13,260)	(1,464)	-	14,724	<b>-</b>
<b>Total other material expenses</b>	<b>(13,562)</b>	<b>(1,464)</b>	<b>(246)</b>	<b>13,413</b>	<b>(1,859)</b>
<b>Segment profit/(loss) before tax</b>	<b>3,644</b>	<b>4,638</b>	<b>409</b>	<b>(7,146)</b>	<b>1,545</b>
Income tax (benefit)	(226)	-	-	(76)	<b>(302)</b>
<b>Segment profit/(loss) after tax</b>	<b>3,870</b>	<b>4,638</b>	<b>409</b>	<b>(7,070)</b>	<b>1,847</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>3,870</b>	<b>4,638</b>	<b>409</b>	<b>(7,070)</b>	<b>1,847</b>
Statement of Financial Position at 30 June 2021					
<b>Total assets</b>	16,203	22,697	1,910	(13,779)	<b>27,031</b>
<b>Total liabilities</b>	(9,218)	(105)	(119)	(6,402)	<b>(15,844)</b>
<b>Net assets</b>	<b>6,985</b>	<b>22,592</b>	<b>1,791</b>	<b>(20,181)</b>	<b>11,187</b>

<sup>1</sup> Inter-segment expenses represent employee related costs and other expenses paid centrally, which are allocated to the segments in which they are incurred.

## 4. Revenue and expenses

### a. Revenue from contracts with customers (AASB 15 *Revenue from contracts with customers*)

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Group recognises the different types of revenue as follows:

**Authorised representative fees:** On a monthly basis, the financial advisers are billed for AFSL licensing fees in line with the contract between the Group and the adviser. The Group's obligation under these contracts is to provide support to advisers and access to one of the Group's AFSLs to enable them to sell financial advice. The fees charged to the adviser are based on a fixed fee structure outlined in the contract with the adviser. Revenue is recognised on a monthly basis as services are provided to the advisers.

During the year, \$0.8m in new adviser contracts with rebate arrangements offered, resulted in the recognition of \$87k revenue. Accordingly, a corresponding contract asset has been recognised in the Statement of Financial Position and disclosed in note 7.1.4.

**Advice revenue:** Commission is received from product providers earned either at inception or on renewal of products on the approved product list. Under the contract with the adviser, the Group receives the full commission from the product provider and subsequently pays this in full to the adviser unless there is a specific arrangement with the adviser to retain a proportion of commission to satisfy their authorised representative fee. Based on the agreement between the Group and the advisers, the advisers act as a corporate authorised representative of the Group, and the Group has ultimate responsibility with the end customers. The Group is therefore considered the principal in these arrangements. Where the advisers are employed by the Group, the commission earned is retained within the Group.

**Product revenue:** The Group earns revenue from its customers through the provision of fund management services to its customers. Under this arrangement, the fee charged is calculated based on a fixed percentage of Funds Under Management and Administration (FUMA) as stated in the contract with the customer. Revenue is recognised as the service is provided, given the customer is receiving and consuming the benefits as they are provided by the Group. Included within investment products revenue are rebates paid to the Group by platform providers who offer the advisers insurance, superannuation and investment solutions. The Group performance obligation is to act as a partner for the platform providers, enabling them access to the adviser network. The rebate earned by the Group is dependent on the nature of the underlying product, either based on in-force policies or funds under management invested through the platform. Revenue is recognised monthly based on management's best estimate using the most recent information provided by the platform provider and is trued up based on rebate receipts as and when they are received from the platform provider. As per the findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, all conflicted platform remuneration ceased on 31 December 2020.

**Virtual services:** The Group provides a menu of third-party services to its adviser network. Those services with the greatest take-up are paraplanning and outsourced administration support. Other services include investment research, HR services and software. The Group sources third party providers and continually assesses the performance of providers to ensure quality standards are maintained. The Group derives margin from some services through negotiating competitive wholesale fees and sharing these benefits with advisers in its network. Revenue is recognised on a monthly basis as services are provided to the advisers.

**Licensing and managed services:** On a monthly basis, the Group charges fixed fees for admission to the customised platform (licence fees) and technological support provided to the client (managed services). Revenue is recognised on a monthly basis as services are provided.

**Consulting services:** The Group earns revenue from the provision of XPLAN consulting, XPLAN tailoring and configuration and a comprehensive suite of advice delivery services, to meet specific business needs. Enzumo leverages the knowledge of solution specialists to design, develop and deploy customisations to XPLAN sites. Revenue is recognised on an over time basis when the performance obligations are met.

### b. Interest income

Per AASB 9 *Financial Instruments*, interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



### c. Gross profit

Other income represents other sundry income received by the Group.

		2022	2021
		\$'000	\$'000
<b>Revenue</b>			
<b>Revenue from contracts with customers</b>	4(a)		
Authorised representative fees		15,742	11,083
Advice revenue		198,316	110,628
Product revenue		9,200	12,409
Virtual services		2,939	1,881
Licensing and managed services		1,066	1,285
Consulting services		402	890
<b>Total revenue from contracts with customers</b>		<b>227,665</b>	<b>138,176</b>
<b>Contractual payments to advisers</b>			
Advice revenue paid to advisers		(193,876)	(107,591)
Fees paid to advisers/fund managers		(3,488)	(3,528)
<b>Total contractual payments to advisers</b>		<b>(197,364)</b>	<b>(111,119)</b>
<b>Gross profit from contracts with customers</b>		<b>30,301</b>	<b>27,057</b>
<b>Interest income</b>	4(b)	<b>53</b>	<b>175</b>
<b>Other income</b>			
Cost recoveries from advisers		192	305
Other		618	526
<b>Total other income</b>		<b>810</b>	<b>831</b>
<b>Gross profit</b>		<b>31,164</b>	<b>28,063</b>

### d. Employee-related expenses

Employee related expenses represent employee costs payable by the Group.

		2022	2021
		\$'000	\$'000
<b>Employee related expenses</b>			
Wages and salaries		16,173	16,072
Employee transaction costs <sup>1</sup>		525	-
Share-based compensation expense		1,560	260
Termination costs		212	698
<b>Total employee related expenses</b>		<b>18,470</b>	<b>17,030</b>

<sup>1</sup> Employee transactions costs are in relation to the ClearView Advice acquisition.

## e. Finance costs

The table below summarises the finance costs for the Group:

	2022 \$'000	2021 \$'000
<b>Finance costs</b>		
Bank interest charges	42	55
Interest on lease liabilities	48	26
Interest on loans	30	18
<b>Total finance costs</b>	<b>120</b>	<b>99</b>

## 5. Income tax

### a. Income tax (benefit)

The major components of income tax (benefit) for the years ended 30 June 2022 and 30 June 2021 are:

	2022 \$'000	2021 \$'000
<b>Current income tax charge</b>	<b>1,183</b>	<b>198</b>
<b>Deferred income tax charges</b>		
Utilisation and recognition of tax losses	(5,083)	(198)
Acquisitions	(246)	-
Adjustment to deferred tax of prior period	224	(302)
<b>Total Deferred income tax charge</b>	<b>(5,105)</b>	<b>(500)</b>
<b>Total Income tax (benefit)</b>	<b>(3,922)</b>	<b>(302)</b>

### b. Reconciliation between aggregate tax (benefit) recognised in the income statement and tax expense calculated per the statutory income tax rate

The difference between income tax (benefit) provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	2022 \$'000	2021 \$'000
Profit before tax	<b>2,570</b>	<b>1,545</b>
At the Company's statutory income tax rate of 30% (2021: 30%)	771	464
Non-deductible expenses	664	125
Non-assessable income	(28)	(88)
Derecognition of deferred tax on increase of provision for claims	-	(526)
Utilisation of tax losses	(1,183)	(198)
Other movements in deferred tax assets/liabilities	(4,146)	-
Adjustment in respect of current tax of prior years	-	(79)
<b>Aggregate income tax (benefit)</b>	<b>(3,922)</b>	<b>(302)</b>

### c. Recognised deferred tax assets and liabilities

Deferred income tax relates to the following:

	Statement of Financial Position	
	2022 \$'000	2021 \$'000
<i>Deferred tax liabilities</i>		
Prepayments	(28)	(7)
Intangibles	(2,706)	-
<b>Gross deferred tax liabilities</b>	<b>(2,734)</b>	<b>(7)</b>
<i>Deferred tax assets</i>		
Provisions for claims	398	564
Provisions for doubtful debts	524	752
Provision for impairment of loan receivables	389	389
Lease liabilities	60	66
General accruals and other costs	95	84
Employee benefits	1,220	1,033
Recognition from prior year losses	3,900	-
<b>Gross deferred tax assets</b>	<b>6,586</b>	<b>2,888</b>
<b>Net deferred tax asset offset</b>	<b>6,558</b>	<b>2,881</b>
<b>Deferred tax liability not offset</b>	<b>(2,706)</b>	<b>-</b>

Following a significant improvement in trading conditions and profits of the Group over the last two years and expected in the foreseeable future, the Group reviewed previously unrecognised tax losses and determined that it was now probable that taxable profits will be available against which the tax losses can be utilised. As a consequence, a deferred tax asset of \$3.9m was recognised for these losses at 30 June 2022 bringing total deferred tax assets to \$6.6m (30 June 2021: \$2.9m).

The Group has deferred tax liabilities of \$2.7m as at 30 June 2022 (30 June 2021: Nil). The recognised deferred tax liabilities on intangible assets arose from the Group's acquisitions. These are not offset against the deferred tax asset as there is no legally enforceable right to offset this with the other deferred tax balances.

### d. Unrecognised tax losses

The Group has the following Australian tax losses for which no deferred tax assets are recognised at reporting date.

	2022 \$'000	2021 \$'000
Revenue losses <sup>1</sup>	32,687	49,650
Capital losses	35,953	35,953
<b>Total unrecognised losses</b>	<b>68,640</b>	<b>85,603</b>

<sup>1</sup>Prior year revenue losses have been updated to reflect the 30 June 2021 statutory tax filings.

Of the revenue losses, transferred in losses amounting to \$33m (30 June 2021: \$36m) are subject to fractioning under Australian tax legislation, which effectively prescribes the rate at which such acquired tax losses may be offset against the Group's taxable income. Given that the available fraction of the transferred losses is based on the relative market value of the Group, the determination of the available fraction is subject to some uncertainty. This will be assessed in future reporting periods for potential utilisation.

The above losses are available indefinitely for offset against future taxable income and capital gains subject to meeting relevant statutory tests. Unrecognised tax losses decreased by \$17.0m (30 June 2021: decrease of \$1.0m) due to the utilisation of \$13m in Group tax losses as mentioned in note 5(c) and \$4m in current year taxable income.

## e. Tax consolidation

### Tax effect accounting by members of the tax consolidated group

#### a. Measurement method adopted under AASB interpretation 1052 *Tax Consolidation Accounting*

The parent entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within group's approach, whereby the Group measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right, with adjustments for its transactions that do not give rise to a tax consequence for the Group, or that have a different tax consequence at the level of the Group. The current and deferred tax amounts are measured by reference to the carrying amount of assets and liabilities in the Statement of Financial Position and their tax bases applying under the tax consolidation, this approach being consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

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

#### b. Nature of the tax funding agreement

Centrepont Alliance Limited and its wholly owned Australian controlled entities implemented tax grouping under the tax consolidation legislation as of 1 July 2007.

The parent entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding of tax within the Group is based on taxable profit. The tax funding agreement requires payments to/from the parent entity to be recognised via an inter-entity receivable (payable), which is at call.

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

## Key accounting policies

### Taxation

#### a. Income tax

The income tax expense for the year represents the tax payable on the pre-tax accounting profit adjusted for changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

#### b. Current tax

Current tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

#### c. Deferred tax

Deferred tax assets and liabilities are recognised for all deductible and taxable temporary differences at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax liabilities are recognised on all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- In respect of taxable temporary difference associated with investments in subsidiaries, associates or interests in joint ventures, when the timing of the reversal of the temporary difference 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, carry forward tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits and unused tax losses can be utilised, except:

- When a deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow a deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The deferred tax balance will be written down if there are changes in circumstances and forecasts are not met.

Deferred tax liabilities from business combinations is recognised from the temporary difference equal to the carrying value of the asset on initial recognition in the consolidated accounts. As the intangible asset and the related deferred tax arise on a business combination, the goodwill value is increased in accordance with AASB 12.

As the intangible asset is amortised, the temporary difference will decrease. The reduction in the deferred tax liability is recognised in profit or loss. The recognition of this deferred tax credit to profit or loss reduces the impact of the amortisation of the intangible asset on profits for the year.

#### d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as an expense item as applicable; and
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, a taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, a taxation authority, are classified as part of operating cash flows.

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

## 6. Notes to Statement of Cash Flows

### a. Reconciliation of net profit after tax to net cash provided by operating activities

	2022 \$'000	2021 \$'000
Net profit after income tax	6,492	1,847
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation	1,837	1,581
Expected credit loss reversal	(96)	(41)
Loss on disposal of non-current assets	14	38
Interest paid/(received)	25	(131)
Finance costs	48	26
Share-based compensation expense	1,560	260
Dividend received from investments	(101)	(285)
<b>Working capital adjustments:</b>		
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	1,184	1,007
Contract assets	(87)	-
Other assets	(353)	127
Deferred tax assets	(3,677)	(303)
<i>(Decrease)/increase in liabilities:</i>		
Trade and other payables	235	(153)
Provisions for employee benefits	618	(147)
Provision for client claims	(272)	(1,144)
Provision for property make good	(131)	78
<b>Net cash from operating activities</b>	<b>7,296</b>	<b>2,760</b>

## 7. Financial assets, liabilities and related financial risk management

### 7.1 Categories of financial instruments

			2022 \$'000	2021 \$'000
<b>Financial assets</b>	<b>Note</b>	<b>Classification</b>		
Cash and cash equivalents	7.1.1	Amortised Cost	14,742	11,130
Trade and other receivables	7.1.2	Amortised Cost	5,113	6,664
Loans	7.1.3	Amortised Cost	408	1,207
Contract asset	7.1.4	Amortised Cost	87	-
Investments in unlisted shares	7.1.5	FVTOCI – equity (designated)	116	116
<b>Total financial assets</b>			<b>20,466</b>	<b>19,117</b>
<b>Financial liabilities</b>				
Trade and other payables	7.1.6	Amortised Cost	10,045	9,814
Lease liabilities	7.1.7	Amortised Cost	2,520	490
<b>Total financial liabilities</b>			<b>12,565</b>	<b>10,304</b>

### Key accounting policies

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to, or deducted from, the fair value on recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (that is, day one profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (that is, day one profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

#### Financial assets

Financial assets are recognised on the trade date when the purchase is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI); and

- All other debt instruments (for example, debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which *AASB 3 Business Combinations* applies, in other comprehensive income (OCI); and
- The Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

## Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Group does not have any financial liabilities which are classified at FVTPL.

Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

### 7.1.1 Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash and cash equivalents	14,742	11,130
<b>Total cash and cash equivalents</b>	<b>14,742</b>	<b>11,130</b>

### 7.1.2 Trade and other receivables

	2022	2021
	\$'000	\$'000
Commissions receivable	3,879	4,547
Trade receivables	1,234	2,117
<b>Total trade and other receivables</b>	<b>5,113</b>	<b>6,664</b>

Refer to Note 7.2.3.1 for ageing analysis.

The Group applies the general approach for assessing impairment, which requires the recognition of lifetime expected credit losses. Under this approach, the Group considers forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates. The trade receivables were grouped into various customer segments with similar loss patterns.

Trade receivables generally have 30-90 day terms and no interest is charged on outstanding debts. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. A loss allowance for trade receivables is raised using a provision matrix to analyse past default activity and a review of each debtor's current financial position adjusted for factors that are specific to the debtor, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 100% against all receivables over 90 days past due with the exception of legal agreements for recoverability.

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



## 7.1.3 Loans

	2022 \$'000	2021 \$'000
<b>Current</b>		
Loan receivables	-	1,090
Loan receivables – financial advisers	293	18
<b>Total current loans</b>	<b>293</b>	<b>1,108</b>
<b>Non-current</b>		
Loan receivables – financial advisers	901	904
Expected credit losses	(786)	(805)
<b>Total non-current loans</b>	<b>115</b>	<b>99</b>
<b>Total loans</b>	<b>408</b>	<b>1,207</b>

## Loans – Australian Life Development (ALD)

The Group's loan receivable in ALD was fully repaid on 31 December 2021 (30 June 2021: \$1.1m).

## Loans – Financial Advisers

Loans due from financial advisers have terms ranging from one to five years, and varying interest terms at or above commercial rates. The majority of these loans are secured through charges over assets, by guarantees, or by retention of financial advice fees.

As a result of the ClearView acquisition, additional loan receivables from financial advisers with a book value of \$0.3m has been recognised on the Statement of Financial Position.

## Expected Credit Losses

	2022 \$'000	2021 \$'000
<b>Allowance for expected credit losses</b>		
Opening balance	805	848
Movement in the allowance for expected credit losses	(19)	(43)
<b>Closing balance</b>	<b>786</b>	<b>805</b>
<b>Expected credit loss expense</b>		
Expected credit loss reversal	(19)	(43)
Bad debts (reversed)/written off directly	(77)	186
<b>Total expense</b>	<b>(96)</b>	<b>143</b>

For details on expected credit losses against loans see section 7.2.3.1.

### 7.1.4 Contract assets

	2022 \$'000	2021 \$'000
Contract assets	87	-
Expected credit losses	-	-
<b>Total contract assets</b>	<b>87</b>	<b>-</b>

Contract assets are recognised for revenue earned from expected benefits that advisers are able to provide to the Group over the term of the adviser contract.

Contract assets are subject to expected credit loss impairment assessment based on expected term of the adviser contract.

### 7.1.5 Investments in unlisted shares

FVTOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2022 \$'000	2021 \$'000
Investments	116	116
<b>Total investments</b>	<b>116</b>	<b>116</b>

In September 2016, \$0.1m was invested in Ginger Group, which increased the Group's equity interest from 37.5% to 50%. Ginger Group has a 37.5% shareholding in Kepa Financial Services Limited (Kepa). The Group has assessed that it does not have control over the investment. During the 2021 financial year, the Board of Ginger Group approved the liquidation of Kepa. This is in progress, with a liquidator appointed. A cash distribution to shareholders of \$0.1m in dividends from Ginger has been recognised during the year (30 June 2021: \$0.2m).

### 7.1.6 Trade and other payables

	2022 \$'000	2021 \$'000
Amounts payable to financial advisers	6,300	5,442
Trade payables	1,636	1,979
Other creditors and accrued expenses	2,109	2,393
<b>Total trade and other payables</b>	<b>10,045</b>	<b>9,814</b>

### 7.1.7 Lease liabilities

	2022 \$'000	2021 \$'000
<b>Current</b>		
Lease liabilities	507	438
<b>Non-Current</b>		
Lease liabilities	2,013	52
<b>Total lease liabilities</b>	<b>2,520</b>	<b>490</b>

## 7.2 Financial risk management

### 7.2.1 Risk exposures and responses

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables and payables, loans, contract assets, investments in unlisted shares and lease liabilities.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, and liquidity risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, and assessments of market forecasts for interest rates. Ageing analyses and monitoring of expected credit loss allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of regular short- and long-term cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Group Audit, Risk and Compliance Committee (GARCC) under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

### 7.2.2 Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, loans, trade and other receivables and contract assets. The Group's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these assets (as outlined in each applicable Note).

The Group's maximum exposure to credit risk for loans and trade receivables at the reporting date is limited to Australia.

The Group trades only with recognised, creditworthy third parties and the majority of the Group's cash balances are held with National Australia Bank Limited (credit rating: [AA-]) and Westpac Banking Corporation (credit rating: [AA-]).

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, all receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is kept to a minimum.

### 7.2.3 Sources of credit risk

Key sources of credit risk for the Group predominantly emanate from its business activities including loans and trade and other receivables. The Group monitors and manages credit risk by class of financial instrument. The table below outlines such classes of financial instruments identified, their relevant financial statement line item, maximum exposure to credit risk at the reporting date and expected credit loss (ECL) recognised:

Class of financial instrument	Note	Financial statement line	Maximum exposure to credit risk	Expected credit loss
			\$'000	\$'000
Cash and cash equivalents	7.1.1	Cash and cash equivalents	14,742	-
Trade and other receivables	7.1.2	Trade and other receivables	6,859	1,746
Loans	7.1.3	Loans	1,194	786
Contract assets	7.1.4	Contract assets	87	-
<b>Total</b>			<b>22,882</b>	<b>2,532</b>

## Key accounting policies

### Impairment of financial assets

The Group recognises loss allowances for expected credit losses on loans and trade and other receivables that are not measured at FVTPL.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, that is, lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as stage 1); or
- Full lifetime ECL, that is, lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as stage 2 and stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

For trade receivables, the Group has applied the general approach in AASB 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

### Definition of default

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

### Write off

Loans, receivables and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. A write off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

### Key estimates and judgements

#### Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. AASB 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### Models and assumptions used

The Group uses models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period. The risk of default is assessed by considering historical data as well as forward-looking information through a macroeconomic overlay and management judgement.

The Group's risk function constantly monitors the ongoing appropriateness of the ECL model and related criteria, where any proposed amendments will be reviewed and approved by the Group's management committees.

#### Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses this information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most likely outcome and consists of information used by the Group for strategic planning and budgeting.

The Group has identified and documented key drivers of credit risk and credit losses for each loan historical data and has estimated relationships between macroeconomic variables, credit risk and credit losses.

The principal macroeconomic indicators included in the economic scenarios used at 1 July 2021 and 30 June 2022 are GDP, GDP index, GDP index change and unemployment. Management have derived that GDP has economic correlations to inflation

and unemployment, which generally have a corresponding impact on loan performance.

The base case scenario is derived from forecasted changes to GDP, CPI and unemployment rates, using management's judgement. Adjustments to these forecasts are made to develop a further two scenarios for less likely but plausible economic expectations. A weighting is applied to each scenario, based on management's judgement as to the probability of each scenario occurring. These economic forecasts are then applied to a statistical model to determine the macroeconomic effects on the expected loss allowance on the lending portfolios.

The incorporation of forward-looking information on the assessment of ECL on other assets required to be assessed for impairment is a qualitative approach. A range of economic outlooks, from an economist, the RBA and OECD, have been considered in making an assessment of whether there are economic forecasts that would indicate a potential impairment on the assets being assessed.

#### Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the expected loss allowance based on lifetime rather than 12-month ECL.

The Group has used the assumption that 30 days past due represents significant increase in credit risk. The Group considers 90 days past due as representative of a default having occurred and a loan being credit impaired.

The Group has identified the following three stages in which financial instruments have been classified in regard to credit risk;

- Stage 1 – Performing exposure on which loss allowance is recognised as 12-month expected credit loss;
- Stage 2 – Where credit risk has increased significantly and impairment loss is recognised as lifetime expected credit loss; and
- Stage 3 – Assets are credit impaired and impairment loss is recognised as lifetime expected credit loss. Interest is accrued on a net basis, on the amortised cost of the loans after the ECL is deducted.

The table below shows analysis of each class of financial asset subject to impairment requirements by stage at the reporting date:

Class of financial instrument	2022							
	Maximum exposure to credit risk				Expected credit loss			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Cash and cash equivalents	14,742	-	-	14,742	-	-	-	-
Trade and other receivables <sup>1</sup>	-	6,859	-	6,859	-	1,746	-	1,746
Loans	-	-	1,194	1,194	-	-	786	786
Contract assets	-	87	-	87	-	-	-	-
<b>Total</b>	<b>14,742</b>	<b>6,946</b>	<b>1,194</b>	<b>22,882</b>	<b>-</b>	<b>1,746</b>	<b>786</b>	<b>2,532</b>

<sup>1</sup> There are no trade receivables at Stage 1 because the Group's accounting policy is to apply the general approach to measure lifetime credit losses on trade receivables.

Class of financial instrument	2021							
	Maximum exposure to credit risk				Expected credit loss			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Cash and cash equivalents	11,130	-	-	11,130	-	-	-	-
Trade and other receivables	-	9,170	-	9,170	-	2,506	-	2,506
Loans	-	-	2,012	2,012	-	-	805	805
Contract assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,130</b>	<b>9,170</b>	<b>2,012</b>	<b>22,312</b>	<b>-</b>	<b>2,506</b>	<b>805</b>	<b>3,311</b>

Summary of movements in expected credit loss by financial instrument

The following table summarises the movement in expected credit loss by financial instruments for the financial year:

	2022			
	Loans	Trade and other receivables	Contract Assets	Total
	\$'000	\$'000	\$'000	\$'000
<b>Expected credit loss</b>				
Loss allowance as at 1 July 2021	805	2,506	-	3,311
Loss allowance recognised/(reversed) during the year	(19)	(760) <sup>1</sup>	-	(779)
Loss allowance at 30 June 2022	<b>786</b>	<b>1,746</b>	<b>-</b>	<b>2,532</b>

	2021			
	Loans	Trade and other receivables	Contract Assets	Total
	\$'000	\$'000	\$'000	\$'000
<b>Expected credit loss</b>				
Loss allowance as at 1 July 2020	848	2,328	-	3,176
Loss allowance recognised/(reversed) during the year	(43)	178	-	135
Loss allowance at 30 June 2021	<b>805</b>	<b>2,506</b>	<b>-</b>	<b>3,311</b>

Credit risk concentrations are diversified across a large number of advisers and are geographically based within Australia. They are mainly derived from the financial services industry and the main business segments providing support to financial advisers.

Equity instruments classified at FVTOCI

The maximum exposure to credit risk of the equity instrument designated at FVTOCI is their carrying amount.

<sup>1</sup>\$0.7m included in other income

## 7.2.3.1 Analysis of financial instrument by days past due status

**Ageing Analysis**

	2022							
	Total \$'000	Not due	0–30	31–60	61–90	61–90	+91	+91
			Days	Days	Days	Days	Days	Days
			PDNI \$'000	CI \$'000	PDNI \$'000	CI \$'000	PDNI \$'000	CI \$'000
Trade receivables and contract assets	5,200	87	4,947	57	46	-	63	-
Loan receivables – advisers	1,194	-	26	26	25	-	331	786

	2021							
	Total \$'000		0–30	31–60	61–90	61–90	+91	+91
			Days	Days	Days	Days	Days	Days
			PDNI \$'000	CI \$'000	PDNI \$'000	CI \$'000	PDNI \$'000	CI \$'000
Trade receivables and contract assets	6,664		4,046	54	45	-	2,519	-
Loan receivables – advisers	922		2	2	1	-	112	805

\* Past due not impaired (PDNI) and Currently impaired (CI)

**7.2.4 Market risk**

## 7.2.4.1 Interest rate risk

Interest rate risk is the potential for loss of earnings to the Group due to adverse movements in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations as disclosed below. The Group adopts a policy to minimise exposure to interest rate risk by depositing excess funds in interest-bearing accounts at a variable rate or with short date maturities.

The Group's objective is to minimise exposure to adverse risk, and therefore it continuously analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The Group's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

2022						
	Weighted average effective interest rate %	Fixed ≤ 6 Months \$'000	Fixed > 6 Months \$'000	Variable \$'000	Non- interest- bearing \$'000	Total carrying amount per balance sheet \$'000
<b>Financial Assets</b>						
Cash and cash equivalents	0.08	4,081	-	10,661	-	14,742
Trade and other receivables		-	-	-	5,113	5,113
Loans	1.81	150	1,044	(786)	-	408
Contract assets		-	-	-	87	87
Investments in unlisted shares		-	-	-	116	116
<b>Total financial assets</b>		<b>4,231</b>	<b>1,044</b>	<b>9,875</b>	<b>5,316</b>	<b>20,466</b>
<b>Financial Liabilities</b>						
Trade and other payables		-	-	-	10,045	10,045
Lease liabilities	3.51	-	2,520	-	-	2,520
<b>Total financial liabilities</b>		<b>-</b>	<b>2,520</b>	<b>-</b>	<b>10,045</b>	<b>12,565</b>
<b>Net Exposure</b>		<b>4,231</b>	<b>(1,476)</b>	<b>9,875</b>	<b>(4,729)</b>	<b>7,901</b>

2021						
	Weighted average effective interest rate %	Fixed ≤ 6 Months \$'000	Fixed > 6 Months \$'000	Variable \$'000	Non- interest- bearing \$'000	Total carrying amount per balance sheet \$'000
<b>Financial Assets</b>						
Cash and cash equivalents	0.05	4,792	-	6,338	-	11,130
Trade and other receivables		-	-	-	6,664	6,664
Loans	2.27	10	913	284	-	1,207
Contract assets	-	-	-	-	-	-
Investments in unlisted shares		-	-	-	116	116
<b>Total financial assets</b>		<b>4,802</b>	<b>913</b>	<b>6,622</b>	<b>6,780</b>	<b>19,117</b>
<b>Financial Liabilities</b>						
Trade and other payables		-	-	-	9,814	9,814
Lease liabilities	3.51	-	490	-	-	490
<b>Total financial liabilities</b>		<b>-</b>	<b>490</b>	<b>-</b>	<b>9,814</b>	<b>10,304</b>
<b>Net Exposure</b>		<b>4,802</b>	<b>423</b>	<b>6,622</b>	<b>(3,034)</b>	<b>8,813</b>



## 7.2.4.2 Price risk

The Group's exposure to commodity and equity securities price risk is significant because a portion of the Group's net advice and investment products revenue is governed by the amount of funds under management or under advice, which is impacted by the market price of equities and other investment assets.

This risk is effectively a feature of the financial advice industry and cannot easily be managed. However, the increasing proportion of fee for service revenue and the ability of the Group to adjust resource inputs in relation to market movements decreases the level of risk.

## 7.2.4.3 Liquidity risk

The Group's policy is to match debt with the nature and term of the underlying assets. At reporting date, over 88% (30 June 2021: 83%) of the Group's financial assets mature in less than 12 months. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as at reporting date.

Maturity analysis of financial assets and liabilities are based on management's expectations.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital, for example, trade receivables. These assets are considered in the Group's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established reporting requirements, which monitor maturity profiles and anticipated cash flows from Group assets and liabilities.

The tables below are based on the carrying values at reporting date and include future expected cash flows.

	2022			Total \$'000
	≤ 6 Months \$'000	6–12 Months \$'000	1–5 Years \$'000	
<b>Financial assets</b>				
Cash and cash equivalents	14,742	-	-	14,742
Trade and other receivables	3,390	99	1,624	5,113
Loans	150	142	902	1,194
Contract assets	87	-	-	87
Investments in unlisted shares	-	-	116	116
<b>Total financial assets</b>	<b>18,369</b>	<b>241</b>	<b>2,642</b>	<b>21,252</b>
<b>Financial liabilities</b>				
Trade and other payables	10,045	-	-	10,045
Lease liabilities	-	507	2,013	2,520
<b>Total financial liabilities</b>	<b>10,045</b>	<b>507</b>	<b>2,013</b>	<b>12,565</b>
<b>Net Maturity</b>	<b>8,324</b>	<b>(266)</b>	<b>629</b>	<b>8,687</b>

2021				
	≤ 6 Months	6-12 Months	1-5 Years	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	11,130	-	-	11,130
Trade and other receivables	4,333	153	2,178	6,664
Loans	9	9	904	922
Contract assets	-	-	-	-
Investments in unlisted shares	-	-	116	116
<b>Total financial assets</b>	<b>15,472</b>	<b>162</b>	<b>3,198</b>	<b>18,832</b>
<b>Financial liabilities</b>				
Trade and other payables	9,814	-	-	9,814
Lease liabilities	-	438	52	490
<b>Total financial liabilities</b>	<b>9,814</b>	<b>438</b>	<b>52</b>	<b>10,304</b>
<b>Net Maturity</b>	<b>5,658</b>	<b>(276)</b>	<b>3,146</b>	<b>8,528</b>

#### 7.2.4.4 Foreign currency risk

The Group undertakes seasonal transactions denominated in foreign currencies (USD), and consequently, exposures to exchange rate fluctuations arise. The transactions include the IT subscriptions and consulting fees.

### 7.3 Fair value measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each financial year.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped by fair value hierarchy level.

#### 7.3.1 Financial instruments measured at fair value on recurring basis

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2022</b>				
<i>Equity instruments designated at FVTOCI</i>				
Unlisted shares	-	-	116	116
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>116</b>

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2021</b>				
<i>Equity instruments designated at FVTOCI</i>				
Unlisted shares	-	-	116	116
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>116</b>

There are no financial liabilities that are measured at fair value.

There have been no transfers between Level 1 and Level 2 categories of financial instruments.

#### 7.3.2 Reconciliation of Level 3 fair value measurements of financial assets

	FVTOCI Unlisted shares \$'000
<b>30 June 2022</b>	
<b>Balance at beginning of year</b>	<b>116</b>
Total gains or losses:	
in profit or loss	-
<b>Balance at end of year</b>	<b>116</b>

	FVTOCI Unlisted shares \$'000
<b>30 June 2021</b>	
<b>Balance at beginning of year</b>	<b>116</b>
Total gains or losses:	
in profit or loss	-
<b>Balance at end of year</b>	<b>116</b>

#### Fair value measurements

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly (this is, unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair

value. Adjustments to market values may be made having regard to characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (that is, the market with greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the financial year (that is, the market that maximises the receipts from the sale of the asset, or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are received at each reporting date, and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement. The categories are as follows:

- **Level 1** – measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** – measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** – measurement based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group financial assets and liabilities are measured at fair value that approximates the carrying amount.

### 7.3.3 Summary of valuation methodologies applied in determining fair value of financial instruments

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priorities to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and which reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held in assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the economic entity are consistent with one or more of the following valuation approaches:

- **Market approach** – valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- **Income approach** – valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- **Cost approach** – valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

The investment in unlisted shares are classified within level 3 and have significant unobservable inputs as they are infrequently traded. The fair value is measured based on the discounted expected cash flow from the investment as this investment is due for liquidation, as described in 7.1.5.

## 8. Dividends

On 23 August 2022, the Directors of Centrepoint Alliance Limited declared a fully franked ordinary dividend of 1.0 cent per share in respect of the results for the year ended 30 June 2022. Total dividend declared was \$1,958,818.89 with 15 September 2022 as the record date and 29 September 2022 as the payment date.

On 23 February 2022, the Directors of Centrepoint Alliance Limited declared an interim fully franked ordinary dividend totalling 0.5 cents per share in respect of the half-year ended 31 December 2021. The total dividend paid was \$979,412.27, with 3 March 2022 as the record date and 18 March 2022 as the payment date.

Ahead of Centrepoint Alliance's acquisition of ClearView Advice on 16 September 2021, a fully franked special dividend of 1.0 cent per share was declared. Total dividend paid was \$1,478,818.89, with 29 October 2021 as the record date and 10 November 2021 as the payment date.

On 24 August 2021, the Directors of Centrepoint Alliance Limited declared a fully franked ordinary dividend of 1.0 cent per share in respect of the results for the year ended 30 June 2021. Total dividend paid was \$1,442,829.69 with 24 September 2021 as the record date and 8 October 2021 as the payment date.

	2022 \$'000	2021 \$'000
<b>a. Dividends paid or payable</b>		
The following fully franked dividends were provided for or paid during the year:		
Dividends paid on ordinary shares	2,423	1,443
Special dividends paid on ordinary shares	1,479	4,328
<b>Total dividends</b>	<b>3,902</b>	<b>5,771</b>

	2022 \$'000	2021 \$'000
<b>b. Franking credit balance</b>		
Franking account balance as at the end of the financial year	13,363	15,019

The tax rate at which paid dividends were franked is 30%. Franking credits are reported on a tax paid basis.

## 9. Earnings per share

### Key accounting policies

#### Earnings per share

Basic EPS is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential dividends by ordinary shares.

The following reflects the income used in the basic and diluted earnings per share (EPS) computations:

	2022 \$'000	2021 \$'000
<b>a. Profit used in calculating profit per share</b>		
Net profit attributable to ordinary equity holders of the Company	6,492	1,847
<b>b. Weighted average number of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares	178,759,981	144,282,969
<i>Effect of dilution:</i>		
Performance rights and LTI shares	14,787,249	11,763,425
<b>Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution</b>	<b>193,547,230</b>	<b>156,046,394</b>
Basic profit cents per share	3.63	1.28
Diluted profit cents per share	3.35	1.18

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.



## 11. Reserves

	2022 \$'000	2021 \$'000
Employee equity benefits reserve	1,565	339
Dividend reserve	1,986	5,888
<b>Total reserves</b>	<b>3,551</b>	<b>6,227</b>

	2022 \$'000	2021 \$'000
<b>a. Employee equity benefits reserve</b>		
Balance at start of year	339	1,259
Value of share-based payments provided or which vested during the year	1,560	260
Transfer of non-vested performance rights from reserves to retained earnings	(22)	(1,180)
Transfer of vested performance rights to share capital	(312)	-
<b>Balance at end of year</b>	<b>1,565</b>	<b>339</b>

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including KMP, as part of their remuneration.

	2022 \$'000	2021 \$'000
<b>b. Dividend reserve</b>		
Balance at start of year	5,888	11,659
Dividends paid	(3,902)	(5,771)
<b>Balance at end of year</b>	<b>1,986</b>	<b>5,888</b>



## 12. Acquisition of subsidiaries

On 1 November 2021, the Group paid \$3.17m in cash for the net working capital of the ClearView Advice business and \$12.98m in escrowed Centrepoint Alliance Limited (CAF) shares to acquire 100% of the ClearView Advice business comprising LaVista, Matrix and CFA, from ClearView Wealth Limited (ASX: CVW). In accordance with the Share Purchase Agreement, 48 million ordinary, fully paid shares in CAF were issued at \$0.25 per share. For the purposes of the accounting valuation, the shares were valued at \$0.27 per share being the 30-day VWAP prior to the acquisition date of 1 November 2021.

CFA and Matrix are mid-sized AFS Licensed dealer groups, both providing traditional dealer group licensing support to a network of 161 advisers at 30 June 2022. LaVista, with a network of 128 advisers across 41 adviser practices, provides outsourced B2B licensee services to self-licensed financial advisers and support services to third party dealer groups.

ClearView Advice benefits from best in class technology, having fully integrated Lumen software, which allows for automated compliance monitoring and supervision across all clients under the licensee. With strong management and compliance processes, the existing infrastructure can be scaled to support a larger number of AFSLs and financial advisers, thereby creating significant profit uplift due to material labour synergies.

The transaction provides the combined entity with immediate scale, a strong and effective management team, best of breed technology and processes, and the capability to take a market-leading position in the financial advice industry to build a strategically successful and profitable financial advice business. Centrepoint Alliance and ClearView benefit from a close cultural alignment, focusing on high quality, affordable and technology-driven advice services, and the combined are complementary.

### 12.1 Impact of acquisition on the results of the Group

From the acquisition date to 30 June 2022, ClearView Advice contributed gross profit of \$6.8m to the Group's results.

The Group did not disclose the ClearView Advice profit for the eight month period to 30 June 2022 as the presentation of the standalone profit in isolation from the Group profit does not provide an accurate reflection of the transformational profit impact the acquisition has had on the combined business. In addition, the Group did not estimate the consolidated profit and revenue if the acquisition occurred at the start of the period 1 July 2021. It is not practical to calculate this due to the different bases of charging management expenses prior to the acquisition versus post-acquisition.

### 12.2 Acquisition-related costs

The Group has incurred acquisition-related professional fees of \$529,653 representing legal fees and due diligence costs. These costs have been expensed as they were not directly attributable to the issue of shares.

	Cost (\$)
Legal and advisory services	475,826
Employment contract	7,670
Exit Tax Review	3,200
Valuation	18,752
Share registration	24,205
<b>Total acquisition cost</b>	<b>529,653</b>

### 12.3 Consideration transferred

The below table outlines the purchase consideration resulting from the acquisition.

	\$'000
Cash	3,170
Equity instruments issued	12,981
Less receivable from ClearView Wealth Ltd	(30)
<b>Total consideration</b>	<b>16,121</b>

## 12.4 Assets acquired and liabilities assumed at the date of acquisition

The following table summarises the recognised amount of assets acquired and liabilities assumed at the date of acquisition.

	ClearView Financial Advice Pty Ltd \$'000	LaVista Licensee Solutions Pty Ltd \$'000	Matrix Planning Solutions Ltd \$'000	Group Total \$'000
<b>Current Assets</b>				
Cash and cash equivalents	2,682	207	349	3,238
Trade receivables	27	-	109	136
Prepayments	28	-	41	69
<b>Non-Current Assets</b>				
Other assets	537	-	-	537
<b>Current Liabilities</b>				
Trade and other payables	21	-	85	106
Provisions	489	-	-	489
<b>Net identifiable assets acquired</b>	<b>2,764</b>	<b>207</b>	<b>414</b>	<b>3,385</b>
Net identifiable intangible asset acquired				8,691
Goodwill arising on acquisition				6,652
Deferred tax liability				(2,607)
<b>Net assets acquired</b>	<b>2,764</b>	<b>207</b>	<b>414</b>	<b>16,121</b>

The fair value of the trade and other receivables and liabilities acquired as part of the business combination amounted to \$3.385m.

The value of net assets acquired is lower than the target net assets of \$3.415m and hence a \$30k working capital adjustment is recorded as a receivable from ClearView Wealth Ltd.

The following account balances have been measured on a provisional basis: Trade receivables, Other assets, Trade and other payables and Provisions for client claims.

These provisional balances will be adjusted within one year of the date of acquisition as facts and circumstances subsequent to the date of acquisition may change the amounts reported. Accordingly the accounting for the acquisition will be revised. There is not expected to be a material adjustment from the completion accounts process.

## 12.5 Equity instruments issued

The fair value of the 48 million ordinary shares issued as part of the consideration paid for ClearView Advice, \$12.98m was based on the 30-day VWAP prior to the acquisition, equating to \$0.27 per share.

## 12.6 Goodwill arising on acquisition

Goodwill of \$6.7m arising from the acquisition is principally associated with projected future profitability, growth prospects and the significant skill and proficiency of ClearView Advice personnel. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

## 12.7 Identifiable intangible assets arising on acquisition

Identifiable intangible assets of \$8.7m arose in the acquisition of ClearView Advice because the acquisition included the customer lists and trade name of ClearView Advice. These assets were identified and separately recognised from goodwill.

## 12.8 Net cash inflow/(outflow) arising on the acquisition of businesses

	\$'000
Consideration paid in cash	(3,170)
Plus: Cash and cash equivalent balances acquired	3,238
<b>Net inflow of cash – investing activities</b>	<b>68</b>

## 13. Property, plant and equipment

### Key accounting policies

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Plant and equipment are carried at cost, net of accumulated depreciation and any accumulated impairment losses. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the asset is written down to its recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

In assessing value in use, 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by reference to the cash-generating unit to which the asset belongs.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful Life
<b>Plant and equipment</b>	2-7 years
<b>Leasehold improvements</b>	Lease term

**Derecognition:** An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

Residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
<b>Cost</b>			
At 1 July 2020	1,535	2,959	4,494
Additions	-	58	58
Disposals	(317)	(38)	(355)
<b>At 30 June 2021</b>	<b>1,218</b>	<b>2,979</b>	<b>4,197</b>
Additions	172	231	403
Disposals	-	(106)	(106)
<b>At 30 June 2022</b>	<b>1,390</b>	<b>3,104</b>	<b>4,494</b>
<b>Depreciation and impairment</b>			
At 1 July 2020	1,410	2,660	4,070
Depreciation charge for the year	29	119	148
Disposals	(290)	(26)	(316)
<b>At 30 June 2021</b>	<b>1,149</b>	<b>2,753</b>	<b>3,902</b>
Depreciation charge for the year	47	145	192
Disposals	-	(83)	(83)
<b>At 30 June 2022</b>	<b>1,196</b>	<b>2,815</b>	<b>4,011</b>
<b>Net carrying value</b>			
At 30 June 2022	<b>194</b>	<b>289</b>	<b>483</b>
At 30 June 2021	<b>69</b>	<b>226</b>	<b>295</b>

## 14. Leases (Group as a lessee)

### a. Amounts recognised in Statement of Profit or Loss and Other Comprehensive Income

The Group has elected not to recognise lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low value assets. Payments made for such leases are expensed on a straight-line basis. The variable payments associated with the Group's building and equipment leases are recognised as expense as they are incurred.

The table below summarises the amounts recognised in profit or loss and other comprehensive income for the year:

	2022 \$'000	2021 \$'000
Depreciation expense on right-of-use assets	711	799
Interest expense on lease liabilities	48	26
Expenses relating to short-term leases	44	5
Expenses relating to low value assets	179	307
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	191	219
	<b>1,173</b>	<b>1,356</b>

### b. 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.

The table below summarises the carrying amount of the right-of-use assets for the Group's building and equipment leases:

	Building \$'000	Equipment \$'000	Total \$'000
<b>Cost</b>			
1 July 2021	1,945	36	1,981
Additions	2,696	-	2,696
Terminations	(1,570)	-	(1,570)
At 30 June 2022	<b>3,071</b>	<b>36</b>	<b>3,107</b>
<b>Accumulated depreciation</b>			
At 1 July 2021	1,441	24	1,465
Depreciation charge for the year	699	12	711
Terminations	(1,570)	-	(1,570)
At 30 June 2022	<b>570</b>	<b>36</b>	<b>606</b>
<b>Carrying amount</b>			
At 30 June 2022	<b>2,501</b>	<b>-</b>	<b>2,501</b>
At 30 June 2021	<b>504</b>	<b>12</b>	<b>516</b>

The Group leases include buildings and equipment, and the average lease term is three years (30 June 2021: three years). Approximately 33% of the leases expired in the current financial year (30 June 2021: 25%). The Group recognised right-of-use assets of \$2.7m (30 June 2021: \$0.4m).

### c. Maturity analysis of 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 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.

The table below summarises maturity analysis of undiscounted lease liabilities for the Group:

	2022 \$'000	2021 \$'000
Year 1	606	447
Year 2	499	53
Year 3	533	-
More than 3 years	1,162	-
<b>Total</b>	<b>2,800</b>	<b>500</b>

## 15. Intangible assets

### Key accounting policies

#### Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at cost less any accumulated impairment losses.

#### Impairment of assets

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss on goodwill or other identifiable intangibles is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill or other identifiable intangible is included in the determination of the profit or loss on disposal.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### Key judgements

The cash-generating units determined by management are:

- Licensee Services
- Ventura Investment Management Limited (Ventura)
- xseedwealth Pty Ltd (xseedwealth)
- Centrepoint Alliance Lending Services Pty Ltd (Centrepoint Lending Services)
- Investment Diversity Pty Ltd (Investment Diversity)
- Enzumo Corporation & Consulting Pty Ltd

## Key estimates

Impairment testing of goodwill was carried out by comparing the net present value of cash flows from the cash-generating unit (CGU) to the carrying value of the CGU. The cash flows were based on projections of future earnings after adjusting for taxation, depreciation and amortisation and working capital changes.

The cash flows have been projected over a period of five years. The terminal value of the Group beyond year five has been determined using a constant growth perpetuity.

The key assumptions used in carrying out the impairment testing were as follows:

- Budgeted operating cash flows for the financial years ending 30 June 2022-2026 represents the Group's estimate of future cash flows based on the forecast approved by the Board of Directors. The business has moved to a fee-based model, which primarily impacts the Licensee Services CGU and given some uncertainty around this, change sensitivities have been disclosed below.
- Terminal growth rate 1.0% (30 June 2021: 1.0%) represents the terminal growth rate (beyond five years).
- Discount rate used is 13.10% – 16.40% (30 June 2021: 13.10% – 16.40%) in the impairment testing for the CGU's as at 30 June 2022.

The goodwill and other identifiable intangibles disclosed in the Statement of Financial Position at 30 June 2022 were supported by the impairment testing and no impairment adjustment was required.

The CGUs where a 'reasonably possible' change in estimates could lead to the carrying amount exceeding the value in use, are Centrepoint Lending Services and Licensee Services. The reasonably possible trigger points at which the carrying value of the CGU would exceed its recoverable amount, while holding all other variables constant, are as follows:

- **Licensee Services** – the primary sensitivity for Licensee Services relates to fee income earned under the new fee structure. Forecast fees would need to decrease by 10% in financial year 2023 and remain flat from financial year 2024 to 2027 with a 5% increase in the employment cost base from financial year 2023 to 2027, before the carrying amount would exceed recoverable amount. The Group believes the likelihood of this scenario occurring is unlikely; and
- **Centrepoint Lending Services** – the primary sensitivity for Centrepoint Lending Services is the discount rate used in the calculation of value in use. The discount rate would need to increase to 46% before carrying amount would exceed recoverable amount. The Group believes the risks associated with the cash flows in this CGU are lower than average in the Group and the discount rate used is appropriate.

In determining the recoverable value of non-financial assets, the Group considered the following factors:

- Property, plant and equipment and intangible assets
  - decrease in market interest rates causes a decrease in the asset's value in use;
  - significant changes in the extent or way in which the asset is used or is expected to be used;
  - a decline or termination of the need for the services provided by the asset; and
  - significant changes in the legal aspects or business climate that could affect the worth of the asset.
- Goodwill
  - tested for impairment annually;
  - the testing for write-down or impairment of a substantial asset group;
  - a loss of key personnel that is other than temporary (such as death);
  - a significant decline in the entity's share price, which could result in the carrying amount of the entity's net assets exceeding its market capitalisation; and
  - a significant adverse modification in legal aspects or in the business climate.

The impairment assessment performed by the Group concluded that the underlying future cash flows will not be impacted by any business risk. As a result, no impairment was taken up for the year end.



Intangible asset	Description of the Group's intangible assets	Impairment Test	Key Accounting Policies
Goodwill	<p>Goodwill was created during 2012 on the acquisitions of the externally owned interests in Ventura Investment Management Limited of \$93k and in Centrepoint Alliance Lending Pty Ltd (previously Centrepoint Lending Solutions Pty Ltd) of \$863k.</p> <p>Goodwill was created on the acquisition of Enzumo on 17 June 2020 of \$0.5m (adjusted for DTL impact in current financial year) and from the acquisition of ClearView Advice on 1 November 2021 of \$6.7m.</p> <p>The current carrying value of goodwill is \$8.1m.</p>	<p>Goodwill is tested annually for impairment by calculation of value in use at the CGU level.</p> <p>Management is of the view that core assumptions such as cost of capital and terminal growth rate are the same across all CGUs.</p> <p>Value in use is calculated using discounted cash flow projections for five years and terminal values prepared from current forecasts using the following assumptions:</p> <p>Terminal growth rate: 1.0% (30 June 2021: 1.0%).</p> <p>Cost of capital: 13.10% (30 June 2021: 13.10%).</p> <p>The testing resulted in no impairment being required.</p>	<p>Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.</p> <p>Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.</p> <p>As at acquisition date, any goodwill acquired is allocated to each of the CGUs, which are expected to benefit from the acquisition.</p> <p>Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.</p> <p>Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.</p>
Networks and client lists (excluding Enzumo and ClearView Advice client contracts)	<p>Intangible assets in the form of adviser network businesses and adviser client lists acquired to expand the adviser network.</p> <p>The total book value at 30 June 2022 is nil (30 June 2021: nil)</p>	<p>Adviser network businesses and client lists are fully amortised in previous years and hence no impairment testing is required.</p>	<p>Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.</p>
Software	<p>The Group has developed or acquired software, which is being amortised over their expected useful lives.</p>	<p>The value of the developed or acquired software of the Group is amortised on a straight-line basis over a 5-year period, which the Directors assess as the intangible asset's useful life.</p> <p>There were no events or changes in circumstances that indicate that the carrying amount of the software may not be recoverable and therefore is not impaired.</p>	<p>As per Accounting Standards, software was capitalised as an asset on the basis that the costs result in a future economic benefit to the entity and they can be measured reliably.</p> <p>Value of software assets recorded by the entity in their financial statement continues to reflect the expected benefits to be obtained from their use. The Group</p>

Intangible asset	Description of the Group's intangible assets	Impairment Test	Key Accounting Policies
			<p>determines the useful life of software assets and amortises the cost over the useful life of the assets.</p> <p>At each reporting date, the entity will assess whether there is any indication that an asset is recorded at greater than its recoverable amount. If applicable, recognise an impairment loss.</p>
Client contracts (Customer relationships)	<p>The Group has acquired client contracts as part of the Enzumo and ClearView Advice acquisition at fair value on acquisition date as determined by an independent valuer.</p> <p>The current carrying value of customer relationships is \$8.3m (30 June 2021: \$0.9m).</p>	<p>The value of the acquired client contracts is amortised on a straight-line basis over the period in which future economic benefits are expected to be derived, being a period of eight years for Enzumo and 11 years for ClearView Advice.</p> <p>There were no events or changes in circumstances that indicate that the carrying amount of the client contracts may not be recoverable and therefore is not impaired.</p>	<p>The client contracts are acquired in a business combination as its fair value as at the date of acquisition. Following initial recognition, the intangible asset – client contracts, are carried at cost less any accumulated amortisation and any accumulated impairment losses.</p>
Brands and trademarks	<p>The Group has acquired the Enzumo and ClearView Advice Brand and trademarks as part of the respective acquisitions at fair value on acquisition date as determined by an independent valuer.</p> <p>The current carrying value of trade name is \$0.7m (30 June 2021: \$0.1m).</p>	<p>The value of the acquired Enzumo and ClearView Advice brand is not amortised as it is seen to have an indefinite useful life which has been impairment tested on an annual basis. To date, the brand and trademark is not considered to be impaired.</p>	<p>The Enzumo and ClearView Advice brand and trademark is acquired in a business combination at fair value as at the date of acquisition. They have an indefinite useful life and following initial recognition, the brand is carried at cost less any impairment losses.</p>

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

Software	5 years
Network and Client Lists/Relationships	5-11 years

## 15.1.1 Reconciliation of carrying amounts at the beginning and end of the financial year

	Goodwill \$'000	Software \$'000	Client Contracts \$'000	Trade Name \$'000	Total \$'000
<b>Financial year ending 30 June 2022</b>					
At 1 July 2021 net accumulated amortisation and impairment	1,095	971	917	101	<b>3,084</b>
Additions	6,997	-	8,051	642	<b>15,690</b>
Amortisation	-	(313)	(619)	-	<b>(932)</b>
<b>At 30 June 2022 net accumulated amortisation</b>	<b>8,092</b>	<b>658</b>	<b>8,349</b>	<b>743</b>	<b>17,842</b>
<b>At 30 June 2022</b>					
Cost	8,345	5,295	19,618	743	<b>34,001</b>
Accumulated amortisation and impairment	(253)	(4,637)	(11,269)	-	<b>(16,159)</b>
<b>Net carrying value</b>	<b>8,092</b>	<b>658</b>	<b>8,349</b>	<b>743</b>	<b>17,842</b>

	Goodwill \$'000	Software \$'000	Client Contracts \$'000	Trade Name \$'000	Total \$'000
<b>Financial year ending 30 June 2021</b>					
At 1 July 2020 net accumulated amortisation and impairment	1,095	1,275	1,151	101	<b>3,622</b>
Additions	-	12	-	-	<b>12</b>
Amortisation	-	(316)	(234)	-	<b>(550)</b>
<b>At 30 June 2021 net accumulated amortisation</b>	<b>1,095</b>	<b>971</b>	<b>917</b>	<b>101</b>	<b>3,084</b>
<b>At 30 June 2021</b>					
Cost	1,348	5,295	11,568	101	<b>18,312</b>
Accumulated amortisation and impairment	(253)	(4,324)	(10,651)	-	<b>(15,228)</b>
<b>Net carrying value</b>	<b>1,095</b>	<b>971</b>	<b>917</b>	<b>101</b>	<b>3,084</b>

## 16. Provisions

The provision for adviser client claims is the estimated cost of resolving claims from clients arising from financial advice provided prior to 1 July 2010 (Legacy Claims) or post 1 July 2010 (Non-Legacy Claims) by authorised representatives of the Group.

Reported open legacy claims at 30 June 2022 has reduced to 1 claim (30 June 2021: 2). There are 10 Non-Legacy claims at 30 June 2022 (30 June 2021: 14), which are currently under review. Resolution of these remaining claims is dependent on the circumstances of each claim and the level of complexity involved. Any costs are offset against the general provision as incurred.

Key accounting policies	
<b>Claims and other provisions</b>	<p>Provisions are recognised when the Group has a present obligation (legal or constructive) 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 of the amount of the obligation.</p> <p>Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.</p> <p>A provision for claims is recognised when client claims received by advisers are notified to the Group, or the Group expects to incur liabilities in the future as a result of past advice given. The liability is measured at the present value of the future costs that the Group expects to incur to settle the claims.</p>
<b>Employee benefits</b>	<p>Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.</p> <p>Liabilities for wages and salaries, including non-monetary benefits, annual leave, and other benefits, expected to be settled wholly within 12 months of the reporting date are measured at the amounts due to be paid when the liability is settled.</p> <p>The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.</p>
<b>Make good costs for leased property</b>	<p>A provision for make good costs for leased property is recognised when a make good obligation exists in the lease contracts. The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date.</p>

	2022 \$'000	2021 \$'000
<b>Current</b>		
Provision for claims	1,603	1,875
Provision for employee benefits	3,656	3,089
Property make good	25	206
<b>Total</b>	<b>5,284</b>	<b>5,170</b>
<b>Non-current</b>		
Provision for employee benefits	414	365
Property make good	54	5
<b>Total provisions</b>	<b>468</b>	<b>370</b>

	2022 \$'000	2021 \$'000
<b>a. Movement in provision for claims</b>		
Opening balance	1,875	3,019
<i>Movement in the provision is as follows:</i>		
Claims provisioning expense for the year	-	8
Claims provision acquired on ClearView Advice acquisition	275	-
Claims settlements and fees paid	(547)	(1,152)
<b>Closing balance</b>	<b>1,603</b>	<b>1,875</b>

	2022 \$'000	2021 \$'000
<b>b. Movement in provision for employee benefits</b>		
Opening balance	3,454	3,601
<i>Movement in the provision is as follows:</i>		
Provision expense for the year	2,722	3,061
Provision for employee benefits acquired on ClearView Advice acquisition <sup>1</sup>	1,011	-
Leave and other employee benefits paid	(3,117)	(3,208)
<b>Closing balance</b>	<b>4,070</b>	<b>3,454</b>

	2022 \$'000	2021 \$'000
<b>c. Movement in provision for property make good</b>		
Opening balance	211	216
<i>Movement in the provision is as follows:</i>		
Provision paid/released for the year	(132)	(5)
<b>Closing balance</b>	<b>79</b>	<b>211</b>

<sup>1</sup> Funded by ClearView Advice

## 17. Contingent liabilities

### Client claims

The nature of the financial advice business is such that from time to time advice given by the Group or its authorised representatives generates client compensation claims.

On 18 June 2019, ASIC announced that it had approved a change to Australian Financial Complaints Authority (AFCA) rules to allow it to investigate certain complaints dating back to 1 January 2008. The AFCA extension period ended in June 2020. Open legacy claims during the year remain minimal. Non-Legacy claims continue, and given the variability of settlement amounts, a general provision at 30 June 2022 has been recorded for foreseeable Non-Legacy claims based on historical information. The Group also continues to fully provide for known obligations at 30 June 2022.

### Adviser service fees

Under the service arrangements with authorised representatives, customers generally pay an adviser service fee to receive an annual review, together with other services. The Group is assessing whether customers who have paid for these services have been provided with the agreed services.

An assessment of financial advisers employed by the Group (xseedwealth salaried advisers) has been completed, and where customer compensation is probable and can be reliably estimated, a provision was made at 30 June 2018. As at 30 June 2022 the provision balance is \$80k.

The assessment process of identifying customers associated with authorised representatives licensed by the Group's wholly owned subsidiaries, Professional Investment Services (PIS) and Alliance Wealth (AW), commenced in February 2019.

The assessment process is well progressed. To date, out of 255\* PIS and AW practices, 237 (93%) have been reviewed with 16% identified with a Fee for No Service (FFNS) issue. Refunds of \$0.61m are being paid or are expected to be paid by the practices.

As part of acquiring the ClearView Advice business, a further \$0.2m provision was assumed for the remediation costs payable to advisers' clients.

## 18. Remuneration of auditors

The primary auditor of the Group is BDO Audit Pty Ltd.

	2022	2021
	\$	\$
<i>Amounts received or due and receivable by BDO Audit Pty Ltd</i>		
Fees to the group auditor for the audit or review of the statutory financial reports of the Group, subsidiaries and joint operations	374,700	285,000
Fees for statutory assurance services that are required by legislation to be provided by the auditor	71,300	74,500
Fees for other services (predominantly taxation)	69,430	89,730
	<b>515,430</b>	<b>449,230</b>

\* Note: Includes out of scope practices

## 19. Information relating to Centrepoint Alliance Limited

The Financial Statements of the Parent are:

	2022 \$'000	2021 \$'000
Current assets	34,225	6,598
Non-current assets	17,674	1,681
Current liabilities	(41,959)	(107)
Non-current liabilities	(5)	(4)
<b>Net Assets</b>	<b>9,935</b>	<b>8,168</b>
Issued capital	46,107	33,126
Dividend reserve	832	4,733
Accumulated loss	(37,004)	(29,691)
<b>Total Shareholder Equity</b>	<b>9,935</b>	<b>8,168</b>
Net loss after tax of the parent entity	<b>(7,312)</b>	<b>(7,061)</b>
Total comprehensive loss of the parent entity	<b>(7,312)</b>	<b>(7,061)</b>

At reporting date, the Parent has given nil guarantees to external parties (30 June 2021: nil).

## 20. Related party disclosures

### a. Information relating to investments

Name	Country of Incorporation	Ownership Interest		Principal Activity
		2022	2021	
<b>Licensee and Advice Services</b>				
Centrepoint Alliance Lending Pty Ltd	Australia	100%	100%	Mortgage broker/aggregator
Alliance Wealth Pty Ltd	Australia	100%	100%	Financial advice
Professional Investment Services Pty Ltd	Australia	100%	100%	Financial advice
Associated Advisory Practices Pty Ltd	Australia	100%	100%	Support services AFSL licensee
xseedwealth Pty Ltd	Australia	100%	100%	Salaried advice
ClearView Financial Advice Pty Ltd	Australia	100%	0%	Financial advice
Matrix Planning Solutions Ltd	Australia	100%	0%	Financial advice
Lavista Licensee Solutions Pty Ltd	Australia	100%	0%	Financial advice
<b>Funds Management and Administration</b>				
Investment Diversity Pty Ltd	Australia	100%	100%	Packages investment platforms
Ventura Investment Management Limited	Australia	100%	100%	Packages managed funds
<b>Corporate</b>				
Centrepoint Alliance Services Pty Ltd	Australia	100%	100%	Trustee – employee share plan
Centrepoint Services Pty Ltd	Australia	100%	100%	Service company
Centrepoint Wealth Pty Ltd	Australia	100%	100%	Holding company
De Run Securities Pty Ltd	Australia	56%	56%	Financial services
Presidium Research and Investment Management Pty Ltd (formerly Imagine Your Lifestyle Pty Ltd)	Australia	100%	100%	Dormant
Professional Accountants Pty Ltd	Australia	100%	100%	Loans to advisers
Ginger Group Financial Services Limited	New Zealand	50%	50%	Financial advice
Enzumo Corporation Pty Ltd	Australia	100%	100%	Service company
Enzumo Consulting Pty Ltd	Australia	100%	100%	Consulting services

### b. Ultimate parent

The ultimate holding company is Centrepoint Alliance Limited, a company incorporated and domiciled in Australia.

### c. Terms and conditions of transactions with related parties other than KMP

As part of the acquisition of the ClearView advice business, ClearView Wealth Ltd was issued 48,000,000 shares equating to 24.5% interest in the Group. As such the Group is an associate of ClearView Wealth Ltd. A number of agreements were entered into with ClearView Wealth Ltd on arm's length terms and conditions which include:

- Traditional products services agreement in which the dealer group under Centrepoint Alliance Ltd continued to provide services for ClearView's traditional products until 30 April 2022, totalling \$150k;
- Transition services agreement in which ClearView provided transition services to the dealer group for up to four months after the sale totalling \$64k;
- Trademark license agreement in which ClearView grants to ClearView Financial Advice Pty Ltd a non-exclusive, royalty-free, transferrable and sublicensable license to use the 'ClearView Financial Advice' trademark until 31 December 2022;
- Agreement for Centrepoint to provide to ClearView educational services for the period to 30 June 2022 totalling \$86k GST exclusive;
- Agreement for Centrepoint to pay ClearView Director fees to Mr Simon Swanson for the period from 1 November 2021 to 30



June 2022 totalling \$40k.

Sales to, and purchases from, related parties within the Group are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at financial year end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (30 June 2021: nil). An impairment assessment is undertaken each financial year through examination of the financial position of related parties and the market in which a related party operates. There are no other transactions with related parties other than those disclosed in this note.

#### d. Transactions with Key Management Personnel

The aggregate compensation paid to Directors and other members of KMP of the Company and the Group is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	1,334,539	1,397,172
Post-employment benefits	74,991	69,848
Share based payment expense	1,368,195	-
Termination/resignation benefits	-	453,306
<b>Total compensation</b>	<b>2,777,725</b>	<b>1,920,326</b>

## 21. Share-based payment plans

### a. Share-based payment plans

Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria, as determined by the Board for each issue of rights, being achieved.

### b. Recognised share-based payment expenses

	2022	2021
	\$	\$
Expense arising from performance rights	1,560,181	259,928
<b>Total</b>	<b>1,560,181</b>	<b>259,928</b>

### Key accounting policies

#### i) Equity-settled transactions:

The Group provides benefits to its employees, including KMP, in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Centrepont Alliance Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Profit or Loss and Other Comprehensive Income is the product of:

- the grant date fair value of the award;
- the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met; and
- the expired portion of the vesting period.

The charge to the profit or loss for the financial year is the cumulative amount as calculated above, less the amounts already charged in previous years. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Shares in the Company reacquired on market and held by the Employee Share Plan Trust are classified and disclosed as reserved shares and deducted from equity.

## ii) Reserved shares:

The Company's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

### Movements during the year

There are 15,000,000 performance rights existing at 30 June 2022 issued in the current and previous financial years that have not yet vested.

On 6 April 2021, the CESP 21 share-based payments were modified. The Board approved a change in the target share price hurdle from 28.0 cents to 22.0 cents for vesting of 50% of the performance rights and a change in the target share price hurdle from 32.0 cents to 25.0 cents for vesting of 100% of the performance rights. In September 2021, 1,551,080 (\$22.4k) of the total performance rights of 5,150,000 had lapsed and did not meet market conditions. This was reclassified to retained earnings in the period, with no change to total equity. The remaining 3,598,920 vested performance rights were converted to ordinary CAF shares.

On 1 November 2021, the Board of Directors approved 8,000,000 performance rights to be issued to the CEO and on 11 November 2021 the Board of Directors approved 3,000,000 performance rights to be issued to the CFO. The total accounting expense recognised in the year is \$1,560,181. Of this, \$1,368,195 pertains to the performance rights issued during the year.

### Performance rights pricing model

The fair value of the performance rights issued are calculated as at the date of grant using the Monte Carlo Model. This model takes into account the terms and conditions upon which they were granted and market-based inputs as at the grant date.

	2022		2021	
	No	WAEP <sup>1</sup>	No	WAEP <sup>1</sup>
<i>(ii) Performance rights under the CESP</i>				
Outstanding at beginning of period	9,150,000	-	12,550,000	-
Granted during the financial year	11,000,000	0.403	-	-
Vested during the financial year	(3,598,920)	-	-	-
Lapsed during the financial year	(1,551,080)	-	(3,400,000)	-
Outstanding at end of the financial year	<b>15,000,000</b>	<b>0.403</b>	<b>9,150,000</b>	-

<sup>1</sup> WAEP is weighted average exercise price

## 22. Events subsequent to the balance sheet date

An agreement was executed between Ventura Investment Management Limited (a subsidiary of the Group which holds an AFS License), and Russell Investment Management Limited (Russell) on 9 February 2022. This resulted in the investment management rights in relation to five Ventura funds being transferred to Russell following the satisfaction of several condition precedents (including Unitholder approval). This transfer took place in June 2022. The remaining four Ventura funds have been closed to investors and were wound up in July 2022.

Other than the events above and the dividend declaration in Note 8, there are no other matters or events which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

# Directors' Declaration

30 June 2022

In accordance with a resolution of the Directors of Centrepoint Alliance Limited, I state that:

1. In the opinion of the Directors:
  - (a) The consolidated financial statements and notes of Centrepoint Alliance Limited for the financial year ended 30 June 2022 are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

On behalf of the Directors:



**A. D. Fisher**  
Chair

23 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Centrepont Alliance Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Centrepont Alliance Limited (the 'Company') and its subsidiaries (collectively known as the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

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

#### Basis for opinion

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

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

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

#### Key audit matters

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



## Impairment assessment of intangible assets and goodwill

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's disclosures in respect to goodwill and intangible assets, including their impairment assessment, are included in Note 15 of the consolidated financial report. Impairment assessment of intangible assets requires a significant amount of judgement and estimation by management in the determination of cash generating units (CGU), projected cash flows, discount rates and growth rates. The critical assumptions used by Management are disclosed in Note 15.</p> <p>The assumptions and complexity of the calculations have made the impairment assessment of intangible assets and goodwill a Key Audit Matter.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"><li>- Obtained an understanding of the key controls associated with the preparation of the value in use models and critically evaluated management's methodologies and their documented basis for key assumptions which are described in Note 15 of the financial report;</li><li>- Challenged key assumptions including forecast growth rates by comparing them to historical results, business trends, economic and industry forecasts and comparable organisations; and discount rates by analysing against the cost of capital for the Group and comparable organisations through market data and industry research;</li><li>- Working with our valuation specialists, obtained revenue multiples for comparable companies to establish an independent range to compare against those used in the discounted cash flow calculation;</li><li>- Assessed whether the division of the Group into CGUs at a segment level was consistent with our knowledge of the Group's operations and internal Group reporting;</li><li>- Evaluated the methodology applied by the Group in allocating corporate assets and costs across CGUs;</li><li>- Performed tests over the mathematical accuracy of the model and underlying calculations;</li><li>- Applied sensitivity analyses to management's key assumptions;</li><li>- Evaluated the useful life of definite-life intangible assets and checked the amortisation expense for to ensure that the amortisation expense is calculated consistently with the Group's stated amortisation rates.</li></ul>

## Provision for claims

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has recognised a provision in respect to claims for a total of \$1.6 million as disclosed in Note 16 of the consolidated financial report.</p> <p>The claims provision is for financial advice provided by authorised representatives of the Group, along with claims from external parties that the Group has become aware of and assess that payment is probable.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"><li>- Reviewed claims and risk committee minutes and inquired management directly to assess the basis for claims provision recognised;</li><li>- Inspected evidence claimant and Australian Financial Complaints Authority (AFCA) correspondences to support the accuracy and completeness of the provision recognised;</li></ul>



### Provision for claims (continued)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
The complexity of the estimation of the claims require management to apply significant judgement to determine the value of the liable position.	<ul style="list-style-type: none"><li>- Obtained solicitor representations and assessed these against open claims provided for;</li><li>- Obtained and assessed the impact to claims provision of any new information up to date of signing of the financial report in relation to developments in claims existing claims and any new claims; and</li><li>- Assessed the appropriateness of the disclosure note in relation to the claims provision.</li></ul>

### Business combination

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 12 of the consolidated financial report, the Group acquired a 100% equity interest in three Clearview Advice businesses.</p> <p>The audit of the accounting for this acquisition is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of net asset acquired, including the identifiable intangible assets.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"><li>- Inspected the sale and purchase agreement to verify the costs of acquisition and assess the accounting impact of any conditions relating to the acquisition;</li><li>- Reviewed the appropriateness of the accounting treatment for acquisitions made in the period to ensure compliance with the Australian Accounting Standards;</li><li>- Compared the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information of the acquired businesses;</li><li>- Working with our valuation specialists, critically assessed the Purchase Price Allocation computation, including assessing the inputs and methodologies used in identifying and valuing any identifiable intangible asset; and</li><li>- Assessed the adequacy of the Group's disclosures of the acquisition.</li></ul>

### Other information

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

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

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

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





## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

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

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in Pages 11 to 20 of the Directors' Report of the for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Centrepont Alliance Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

BDO Audit Pty Ltd

BDO

Tim Aman  
Director

Sydney, 23 August 2022

# ASX Additional Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current as at 4 August 2022.

## 1. Class of securities and voting rights

### a. Ordinary shares

Ordinary shares of the Company are listed (quoted) on the ASX. There are 1,554 holders of ordinary shares, holding 195,881,889 fully paid ordinary shares.

Holders of ordinary shares are entitled to one vote per share when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### b. Performance rights

A performance right is a right that can be converted to an ordinary fully paid share in the Company for no monetary consideration subject to specific performance criteria being achieved. Details of performance rights are not quoted on the ASX and do not have any voting rights.

## 2. Distribution of shareholders and performance rights

Size of holding	No. of ordinary shareholders	No. of performance right holders
1–1,000	294	-
1,001–5,000	434	-
5,001–10,000	216	-
10,001–100,000	486	-
100,001 and over	124	6

The number of shareholders with less than a marketable parcel is 439.

## 3. Substantial shareholders

The names of substantial holders in the Company, who have notified the Company in accordance with section 671B of the Corporations Act 2001 are set out below:

Ordinary Shareholders	Fully paid No. of Shares
Tiga Trading Pty Ltd <sup>1</sup>	51,987,171
ClearView Wealth Limited	48,000,000

<sup>1</sup> Diverger Limited (DVR) has lodged a substantial holder notice with the Company in respect of its relevant interest (under s601(c) and s608(8) of the Corporations Act) in 39,156,789 shares as a result of the Call Option entered into with Tiga Trading Pty Ltd and Thorney Holdings Pty Limited dated 23 June 2022. DVR has no right to vote on any securities prior to exercise of the Call Option.

HUB24 Limited (HUB) has lodged a substantial holder notice with the Company in respect of its relevant interest under s608(3)(a) of the Corporations Act in the same 39,156,789 shares as a result of HUB's holding of greater than 20% interest in DVR.

## 4. Twenty largest holders of quoted equity securities

Ordinary Shareholders		Fully paid No. of shares	% Held
1	UBS NOMINEES PTY LTD	54,544,207	27.85
2	CLEARVIEW WEALTH LIMITED	48,000,000	24.50
3	NATIONAL NOMINEES LIMITED	7,686,334	3.92
4	MR ALEXANDER BEARD + MRS PASCALE MARIE BEARD <AD & MP BEARD SUPER FUND A/C>	7,008,019	3.58
5	H&G HIGH CONVICTION LIMITED	5,982,092	3.05
6	BONDIA INVESTMENTS PTY LTD	5,665,500	2.89
7	SUPERTCO PTY LTD <TAG SMALL CAP FUND A/C>	3,000,000	1.53
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	2,808,749	1.43
9	RICHARD JOHN NELSON + KAYE MARIE NELSON <NELSON PENSION FUND A/C>	2,729,660	1.39
10	MS FIONA ROWEENA WILLIAMS	2,127,140	1.09
11	MR JASON MAXWELL YU	1,450,000	0.74
12	WAYLEX PTY LTD <NELSON INVESTMENT A/C>	1,418,051	0.72
13	CATHAYS PTY LTD <A & D GRIFFITHS S/F A/C>	1,100,000	0.56
14	FETTERPARK PTY LTD <O'REILLY FAMILY SF A/C>	1,017,603	0.52
15	MR DANIEL BARON DROGA + MRS LYNDELL DROGA <DROGA FAMILY SUPERFUND A/C>	1,000,000	0.51
16	MR MARTY CARNE	999,700	0.51
17	MR PAUL CULLEN	999,700	0.51
18	MRS CHRISTINE ANN MOSSMAN	829,600	0.42
19	CHMIEL SUPER PTY LTD <CHMIEL SUPER FUND A/C>	800,000	0.41
20	LAYUTI PTY LTD <MOUATT SUPER FUND A/C>	688,888	0.35
		<b>149,855,243</b>	<b>76.48</b>

# Corporate Directory

## Securities Exchange Listing

Centrepont Alliance Limited's shares are listed on the Australian Securities Exchange (ASX) and are traded under the ASX ticker code CAF.

## Share Registry

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Website:  
[www.computershare.com.au](http://www.computershare.com.au)

## Auditor

BDO Audit Pty Ltd

ABN 33 134 022 870

Level 11, 1 Margaret St  
Sydney NSW 2000

## Registered Address

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