CountPlus

Quality Partnerships, Leading Advice

ANNUAL REPORT 2019

From transformation,
to growth.

ABOUT COUNTPLUS

CountPlus continues to build towards becoming Australia's leading network of professional accounting and advice firms – aligned through shared values, mutual success, and our sense of community.

CountPlus operates an 'Owner, Driver – Partner' model that provides investment, leadership and intellectual capital to the firms in its network. We also guide and nurture the leadership teams while delivering best-in-class financial systems and governance structures.

We are committed to realising our future where accounting services and financial advice are delivered in a method that puts the client at the centre of everything we do, thereby driving our firms to increase their value, ultimately for CountPlus' shareholders.

Our model

- Inspires loyalty and initiative, by allowing firms to preserve their local brand and unique identity;
- Builds confidence by offering strategic support, funding for growth, scalable benefits and succession planning;
- Improves performance at the individual firm level while leveraging the benefits of a national group, its collective wisdom, expertise and best practice; and
- Drives the benefits of equity ownership with the attendant opportunities of 'skin in the game' culture, accountability and reward.

Our recent acquisition of the Count Financial business from Commonwealth Bank of Australia, to be completed on 1 October 2019, is a strategic investment that will allow us to scale the CountPlus model, while introducing our beliefs and ethos to a network now unconstrained from the bank ownership structure.

CountPlus has a non-negotiable requirement that all parts of our network fit the CountPlus family photograph, and share our five key focus areas of Firms, People, Focus, Financial and Community.

The company is in strong shape to leverage ongoing growth opportunities for its shareholders, member firms and their clients.

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CHAIRMAN'S REPORT

Ray Kellerman

The evolution of CountPlus

The positive changes undertaken in our firms have taken hold, with firm profit margins and working capital management improving. Our improved performance has seen a final $0.01 cent per share dividend announced at 30 June 2019, in addition to the $0.01 cent dividend announced at the half year.

We have also undertaken a transformational acquisition in purchasing Count Financial from the Commonwealth Bank of Australia, which will complete on 1 October 2019.

The Board of CountPlus is focused on achieving the objectives of the Company, having worked with the leadership team in delivering meaningful cultural change over the past two years. Extensive work has been done to strengthen the overall financial position of the Company, and we are preparing to shift our focus to the growth of business earnings.

Leadership

There is a need for strong values-based leadership in financial services, and it requires the elevation of a new type of leader into the professional financial advice sector. This style of leadership was front of mind when CountPlus made key appointments to the new Board of Count Financial and the new Count Financial senior management team.

Transformation

The CountPlus Board believes that the case for quality advice converged with professional accounting services continues to grow, in an environment where trust among consumers towards the financial services sector is low. The Royal Commission exposed some of the bad practices of the industry and this will open the way for businesses that are focused on delivering value to clients. We believe that acting in the client's best interest is entirely consistent with driving increased value in CountPlus' assets, thereby ultimately increasing returns for our shareholders.

The CountPlus Board understands the work that is required to successfully integrate the Count Financial business into CountPlus. We are focused on raising the bar for Count Financial member firms and at the same time creating an environment of mutual success. The CountPlus Board is encouraged by the quality and experience of the new Count Financial team, and we have the necessary resources to deploy to ensure this merger is successful for CountPlus' shareholders.

There is a need for strong values-based leadership in financial services, and this principle will ensure alignment of shareholder and client interests.

Moving to growth

As CountPlus has completed its turnaround, the Company can now focus on growth. Its core and satellite approach will allow for new investments to be made that will support the revenue model in two ways – through direct investments and ownership in underlying firms, and the revenue for services that will move from the member firm network, via Count Financial, to CountPlus.

While the successful transition of Count Financial to our ownership is a high priority, improving the performance of individual firms will continue to be a focus of the management team in order to increase returns to shareholders. Strategic decisions regarding potential acquisitions will be made in the context of the composition of the network itself and the ability to drive earnings across the CountPlus group.

Ray Kellerman
Chairman

Matthew Rowe

A new era for CountPlus

On behalf of the Executive team at CountPlus Limited, I am pleased to report that our two-year turnaround strategy that commenced in May 2017 is complete. The strategy has positioned both the business and our member firms, as planned, to deliver growth across the network.

We have focussed on the four cornerstones of professional practice – planning, people, leadership, and process – in our member firms. In addition, governance structures have been embedded to ensure we provide our firms the guidance and tools they need to achieve their full potential.

Improved financial performance and profitability of member firms, and increased revenue per staff member, illustrate that the efficiencies and structures we have put into place are now rewarding shareholders.

The turnaround

Two years ago, we needed to devise and implement a strategic plan to restructure the business, embed cultural change and position our firms to achieve sustainable growth. That turnaround focused on the CountPlus business itself, and on developing each member firm to deliver on its potential.

Today, all our firms have a strategic plan in place, and four out of five have a new leadership team. We have helped them become more efficient, evidenced through our average firm profit margin now being 20%, lock-up sitting at 82 days, productivity improvements as measured by revenue per full-time employee, and staff turnover at best practice levels.

Count Financial

The acquisition of Count Financial, which will complete on 1 October 2019, is clearly a highlight and the transaction made perfect sense for CountPlus. As clear advocates for the delivery of accounting and financial advice through one model, returning Count Financial to its CountPlus home allows us to create shareholder value based on the fact we expect it to generate earnings for shareholders, while also giving us the opportunity to scale.

Our objective is to align the Count Financial business alongside our own values, our key strategic drivers and our worldview that client best interest is central to every decision we make.

The practicalities of the merger will require careful implementation but we understand the business and the challenges it faces, and have installed a team that is comprised of highly experienced and credentialled financial advice leaders, as well as ensuring we listen carefully to the voice of the client. Our objective is to align the Count Financial business with our own values, our key strategic drivers and our worldview that client best interest is central to every decision we make.

The Financial Advice sector is facing into a range of challenges, from new education standards, significant disruption in 'old world' revenue models, increasing costs of compliance and increased regulatory scrutiny. Count Financial has historically operated at a loss and must move to a transparent user pay revenue model that will return the business to a sustainable profit and at the same time face into a number of these industry challenges.

Our 100-day plan

We have established a 100-day plan for Count Financial and the CountPlus business, to ensure we systematically address the key issues that need attention as we move Count Financial out of a large bank environment and into one created and led by financial advice experts who are passionate about this industry.

The plan will focus on the same areas we emphasise as non-negotiable in the CountPlus model: firms, people, focus, financial, and community. That process will examine everything from client outcomes and retention, through to building our community presence by continuing to work hard with the Count Charitable Foundation in helping our network deliver support for their communities.

By mid-January, that 100-day plan will be complete, and we will report again on our progress along with our half-year results.

A new chapter, with more to do

Our shareholders voted overwhelmingly to support the Count Financial acquisition, 99.79% voted in favour. The market confidence displayed in the decision to acquire Count Financial is encouraging, but now the real work begins. Cultural integration is critical for the success of any merger and we have a well-defined process to transition the business to align with CountPlus' values and client centric culture.

Importantly, we must also remain focused on the evolution of the CountPlus business itself and are confident our new structure and ethos will continue to drive our success and create value for our shareholders.

On a personal level, I am very excited about the future. We have achieved solid results in the past two years, but the coming years will see us build towards achieving our potential. I want to thank you for your continued support, and I look forward to reporting back on our success throughout the year.

Matthew Rowe
CEO & Managing Director

8 THE HARVARD EXPERIENCE

The Barry Lambert Scholarship was introduced in 2017 and provides funding for one member of the CountPlus network to visit Harvard Business School in Boston for an intensive leadership course. This year's recipient, Michael Beddoes from The MBA Partnership on the Gold Coast, found it an inspiring experience.

"The first thing is just being in that environment – the wonderful campus and the history, combined with a bitterly cold Boston winter, made it a very special time," Michael says. "It was a spectacular environment to be in."

The week-long course – Leading Professional Services Firms – drew nearly 100 participants from across the world to study and stay on the Boston campus. Delegates came from a wide spectrum of professional services fields, including engineering, law, accounting and financial services.

"It focused on people and knowledge-led businesses," Michael says. "While there were a great many areas studied, perhaps the key message from the event was that the most important thing is to retain and develop our people."

It is an intense education event, featuring 20 lectures spread over six days, focusing on 13 different case studies that delegates examined before attending.

"The way you're taught is the case-study method, where we examined businesses and were asked for input as to how we would have handled particular decisions that were made in that business," Michael explains. "The thing that stands out is that these aren't hypothetical scenarios; they are based on real events, and backed up with an approach that is firmly rooted in research. It is an academic approach to analysing business operations."

"What's very apparent is the issues we face are the same all over the world, and they are around managing staff, meeting client objectives, delivering our service, and dealing with technological change."

Michael explains that the CountPlus opportunity is particularly important because people with a technical background don't traditionally get significant exposure to leadership training, and yet their reward for career progression is to end up managing a team. Attending Harvard put a renewed emphasis on how Michael can develop his own in-house training schedule.

"The MBA Partnership has always had a strong focus on in-house training, and the Harvard experience helped re-emphasise the importance of ongoing education for our team."

"I was so inspired by what's possible, but also frustrated with how much time is wasted on low-value matters within our business. Implementing the findings from the course is about helping people step up – and me delegating more."

The Harvard experience will help The MBA Partnership leadership team direct resources more efficiently, allowing the business to create more time for the most important work – delivering for clients.

Being able to have the client at the centre, and then working out what your clients value, is an important skill.

A new leadership standard

Cooper Reeves, Salisbury, QLD.

Given the transformation underway across the financial services landscape, leadership has never been more important particularly when it comes to the CountPlus focus of putting the customer at the heart of the advice equation. Finding the right people to lead may mean looking beyond the core services a business offers.

"Leadership within the profession is about communication, building trust, and inspiring people to come on a journey with you into the future," Managing Director of Cooper Reeves, Christine Robinson, explains. "It's no longer a pre-requisite to be a financial planner or an accountant to become a leader in this space."

In fact, having people leading in a business who are not deeply involved in the execution of the firm's services allows for that focus on the big picture, which is increasingly important. Whether it is budgets or marketing or driving the strategic objectives, being able to do so without being bound by client management – instead directing resources to focus on exceeding client expectations – can make a difference.

"Finding the next generation of leaders can be challenging. It's difficult to teach someone to be a leader, because I believe it comes from within. When you identify potential within someone, you need to mentor, guide, and help them grow into a leader," Christine says.

She also reflects on the changing nature of an adviser-client relationship, which has evolved beyond basic service delivery like compliance into a more diverse and comprehensive relationship.

"With the digital and regulatory disruption that we face, it is even more essential that we build skills in the business advisory space – it's the way of the future."

That view has changed the way Christine looks for people to add to her team, as her business vision of providing a holistic service to clients means that the approach toward recruitment used even five years ago is not necessarily applicable today.

"Being able to have the client at the centre, and then working out what your clients value, is an important skill. A client who is looking for business advisory services may be looking for someone with more than just accounting skills – someone who can facilitate their thinking and lead them on a journey. The future of leadership within the profession is so much more than having technical ability and artificial intelligence – it's about creating self-awareness and the ability to manage one's self, being innovative and creative with the ability to see the big picture."

That transformation of the industry has its benefits – particularly around how younger participants view the world.

"We have the opportunity to tap into skills now that we never had in years gone by, there's a lot to be learnt from the younger generation. This generation brings a different skill set and have different aspirations. They are keen to get in front of clients earlier, and by giving them the opportunity to do this they can then attract a different type of client from their own generation that they can relate to, and this is good for the business."

CountPlus is committed to finding and cultivating the best leadership teams in the market and, through firms like Cooper Reeves, will continue to develop its network and foster an environment that allows leaders to rise.

10 BENTLEYS

Creating cultural alignment

Bentleys (WA), Perth.

A leadership change at Bentleys Perth – and the fostering of a new culture that aligns with the key CountPlus values and strategic drivers – illustrates how CountPlus focuses on developing its network to achieve its potential.

Bentleys is recognised as a successful mid-tier brand across Australia. CountPlus invested in the firm nine years ago, and as part of the CountPlus strategic review of each member firm, the decision was made in October 2017 to install a new leadership team to bring the Bentleys purpose into alignment with the CountPlus vision. Chris Nicoloff, who was already well known to the local business community when he joined the business in 2015, was elevated to Managing Principal. For him, the transition to a new leadership model presented many challenges – and opportunities.

The new strategic direction included "starting with a clean sheet of paper", the appointment of an Independent Chair to the firm, and implementation of a new governance structure.

"[CountPlus CEO] Matthew Rowe presents what he expects from a member firm, but he's also there for the journey. There wasn't a single time that he didn't respond to me quickly, which was really important at key times. The appointment of Paul Burton as the independent Chairman of Bentleys Perth represented further support from CountPlus. Paul's support and counsel in making decisions and designing a new strategy has been invaluable.

"We have a brand new strategy for the business, developed from scratch, and the values of the business have been completely refreshed."

"CountPlus has a very experienced team, but they will let you run your own race. It's really fantastic, and we appreciate being left in control of running the business. We recently had a strategic day to look at tweaking our plan, and the feedback on the work we had done was similarly positive. It gives us great confidence that we're operating the business as we should."

Today, the Perth office has six principals, 45 team members and four overseas support staff. While its immediate financial performance reflects the complications of having clients leave after a management change, the onboarding of a raft of new clients has boosted confidence throughout the business and let the leadership team know that the future is bright. Lock-up has been reduced from 94 days to 79 days, staff productivity has improved, staff turnover is at best-practice levels, debt owed to CountPlus has fallen by 33% and EBITA in 2019 grew by 54% over that achieved in past years.

The Bentleys business has been a great example of what is achievable in even the most challenging of restructures.

One of the most important things we now have is that extra layer of oversight over our corporate strategy and governance arrangements.

The choice for strategy and oversight

O'Brien Accountants & Advisors, Ivanhoe, Victoria.

As one of the most recent investments by CountPlus, the leadership team at O'Brien Accountants & Advisors is perfectly placed to explain the benefits of joining the network.

O'Brien Accountants & Advisors has been delivering financial advice for almost 20 years. Its leadership team's understanding of how the landscape will change over the next 20 years – and how important the accounting profession will be in that future – led O'Brien to join CountPlus in December.

"One of the most important things we now have is that extra layer of oversight over our corporate strategy and governance arrangements," O'Brien Principal Chris Mullins says. "It helps us create a long term strategic direction for the business, and while we've always had a business plan, having the two CountPlus directors on the Board ensures we are achieving our goals."

"We're an advocate of having the independent chair on the Board. Paul Burton has been fantastic, and it's not only at our quarterly board meetings we speak to him, we have access to him all the time – and that's invaluable."

The strategic planning day that CountPlus implemented as part of the onboarding process for O'Brien helped set the scope for what was achievable.

"We had incredible experience in that room, and we were able to test the boundaries of what was possible," Chris says.

When the time came for O'Brien's leadership team to decide on a new business path, a shared understanding of what the future will look like made CountPlus the business network to join.

"Our thinking and that of CountPlus CEO Matthew Rowe really aligned," Chris explains. "We had been offering financial advice for 18 years and [co-owner] Mark [O'Brien] and I recognised many years ago the role accountants could play in understanding not only their clients' accounting work but all of their financial needs."

The experience so far has been rewarding and has created a long term vision.

"The acquisition put liquidity around our equity in the business, and allowed us to take some value off the table," Chris says. "Importantly, CountPlus operates a low-touch approach: they leave you to do your work, because they know that you know best when it comes to your business."

COUNT CHARITABLE FOUNDATION

Count Charitable Foundation sets another record

The Count Charitable Foundation was set up by Joy and Barry Lambert in 2004 with the objective of helping firms within the Count Financial and CountPlus networks realise their charitable goals and give back to their local communities.

The Foundation is an independent organisation, generously supported by an annual donation from Count Financial and regular donations from its members – more than 100 businesses and individuals in the CountPlus and Count Financial networks.

Members can apply for the Foundation to match their fundraising initiatives dollar for dollar – and in some instances more than that. The matching funds are distributed directly to the causes the individual members or firms nominate.

The focus on providing support for communities goes beyond raising funds for good causes, firms also dedicate time to delivering pro bono work for the communities in which they operate. Last financial year, members of the Count Financial and CountPlus networks provided more than 14,000 hours of pro bono services, leading to real social benefits.

The CountPlus network raised $209,423 for charity in the past financial year, which the Count Charitable Foundation boosted by $426,560, for a total of $635,983 in funds distributed to good causes throughout the year. When the Count Financial network is included, the total funds distributed climbs to $1,376,983.

A total of 231 grants were issued to 170 recipients, with the majority across the areas of community health and medical research (41% of donations), community welfare (33%) and education (13%).

"The Count Charitable Foundation and its partnership with Count Financial and CountPlus firms across Australia have achieved yet another record in donations to charities this year," Count Charitable Foundation Director Peter Nicholson says. "However, it is not just the financial donations that I am so proud of but also the pro bono work that firms provide, giving freely of their time and expertise to their local communities."

"The ability for individual team members in our member firms to request dollar-matching donations from the Foundation builds on the firm's culture of supporting those in the community less well off than themselves. There is no doubt the work that goes into a fundraising activity for the benefit of their local community builds a strong bond between team members."

CountPlus is excited that the return of the Count Financial business to CountPlus will bring these two contributing entities together under one roof once again, and we will continue to build on the community work we do. The merger will only strengthen the relationship between the Count Charitable Foundation and the businesses and individual members it assists.

14 FINANCIAL SUMMARY

	2017 $'000	2018 $'000	2019 $'000	2018 / 2019 change %
Total revenue [1]	**82,381**	**74,386**	**68,646**	**(8)**
Other income	2,662	3,300	2,527	(23)
Total operating expenses [2]	**(81,481)**	**(73,369)**	**(66,434)**	**(9)**
EBITA before profit from associates	**3,562**	**4,317**	**4,739**	**10**
Share of profit from associates [3]	892	828	1,553	88
Earnings before interest, tax and amortisation (EBITA) [4]	**4,454**	**5,145**	**6,292**	**22**
Interest expense [5]	(1,157)	(463)	(342)	(26)
Amortisation [6]	(2,728)	(2,070)	(1,440)	(30)
Profit before tax	**569**	**2,612**	**4,510**	**73**
Income tax expense [7]	(769)	(300)	(1,554)	418
Net (loss) / profit from operations after income tax [8]	**(200)**	**2,312**	**2,956**	**28**
Profit / (loss) for the year from discontinued operations [9]	1,075	(1,465)	–	–
Profit for the year	**875**	**847**	**2,956**	**249**
(Loss) / profit attributable to owners of CountPlus	(106)	(176)	1,635	1,029
Profit attributable to non-controlling interest	981	1,023	1,321	29
Basic and diluted (loss) / earnings per share (cents)	**(0.10)**	**(0.16)**	**1.48**	**1,029**
Current assets	31,588	26,566	25,708	(3)
Current liabilities	21,322	10,961	12,999	(19)
Current ratio	1.48	2.42	1.98	(18)
Non-current assets [10]	66,958	48,711	51,699	6
Non-current liabilities [11]	19,474	3,528	3,067	(13)
Net assets	57,750	60,788	61,341	1
Net (debt) / cash [12]	(5,294)	8,975	8,503	(5)

Notes to Financial Summary

1. Revenue

Revenue is generated from accounting services, financial planning services and related services. Accounting related revenue represents 74% of total revenue and was down on the prior period by 7%. Financial planning revenue makes up 21% of total revenue and was down 8%. Total revenue was down on last year by 8% primarily due to a change in the Total Financial Solutions fee model, the sale of non-core business units in the prior year and fee parcel sales.

2. Operating expenses

Total operating expenses are down 9% on the prior period. This is due to the sale of non-core business units. Corporate office expenses were higher by 26% due to acquisition costs and in particular the Count Financial acquisition.

3. Share of profit from associates

This item is made up of the Group's share of profits from five associates as disclosed in the notes to the Financial Statements; namely One Hood Sweeney, Hunter Financial and three newly acquired associates, OBM Financial Services, Rundles CountPlus and Rundles Financial Planning.

4. EBITA

EBITA increased by 22%. EBITA has increased due to improved operating efficiency of underlying Partner Firms and increased share of profits from associates.

5. Interest expense

Interest expense decreased by 26% as a result of a reduction in interest-bearing debt across the underlying Partner firms.

6. Amortisation

Amortisation (non-cash) of $1.4M (2018: $2.1M) relates to intangible assets, acquired client relationships and adviser networks over their expected useful lives.

7. Income tax expense

Income tax expense for FY19 is higher due to higher profitability and the capital nature of acquisition costs incurred in FY19.

8. Net profit from operations after income tax

Net profit after tax was $3.0M for the period. Profit attributable to CountPlus shareholders was $1.6M.

9. Loss for the year from discontinued operations

The loss on discontinued operations in the prior year relates to the sale of the business unit Kidmans PEC Pty Ltd, a non core business unit.

10. Non-current assets

Non-current assets increased 6% over the prior period due to investments in associate firms mentioned in note 3.

11. Non-current liabilities

Non-current liabilities are down 13% over the prior period due to a reduction in interest-bearing debt across the underlying Partner firms.

12. Net cash

Net cash reduced by 6% over the prior period. Cash has decreased due to acquisitions and dividends. This has been countered by efficiencies in underlying Partner firms and improved management of working capital management with lock-up decreasing from 94 days in June 2018 to 82 days in June 2019.

COUNTPLUS BOARD

Ray Kellerman

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

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

Ray currently acts as a director for Goodman Funds Management Australia, Foundation Life New Zealand and Ryder Capital. He is also active in a number of governance related roles for some major fund managers operating in Australia.

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

Alison Ledger

Alison has more than 30 years of experience in the financial services industry. She has held senior operational and strategic roles in banking, funds management and insurance with Chase, Bankers Trust and IAG. As a Partner with McKinsey & Company, Alison advised leading global and Australian banks on strategy, performance improvement and organisational change.

Alison's more recent experience has been in digital transformation and customer experience (CX). As Executive General Manager of Product, Pricing and eBusiness, Alison ran IAG's digital business and CX for the consumer brands including NRMA, SGIO and SGIC.

Alison is Chair of CountPlus' Remuneration and Nominations Committee and a member of the Audit and Risk Committee. She is also a Non-Executive Director of ASX listed Audinate Group Ltd. as well as private equity owned Latitude Financial Services and Hallmark Insurance.

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

Kate Hill

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

Kate Hill is an independent Non-executive Director, chair of the Audit and Risk Committee and member of the Acquisitions Committee. She is also an Independent Non-Executive Director of Elmo Software Limited (ASX:ELO) where she serves as Chair of the Audit and Risk Committee, and is a member of the Remuneration and Nominations Committee. She is Chair of Seeing Machines Limited (AIM: SEE) and also Chair of the Audit and Risk Committee. She is the Company Secretary of Kazia Therapeutics Limited (ASX:KZA, Nasdaq: KZIA).

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

Andrew McGill

Andrew has more than 28 years' financial markets experience, including investment and management experience within the alternative asset sector and the funds management industry generally. He was previously Managing Director and CEO of ASX-listed Pacific Current Group Limited and in this capacity also served on the Board of a number of affiliated companies. Prior to joining Pacific Current Group, he was a founding partner of Crescent Capital Partners, an independent mid-market private equity firm where he worked from 2000 to 2010. Earlier in his career, Andrew held executive roles within Macquarie Bank's Corporate Finance and Direct Investment teams. He was also a consultant with The LEK Partnership, an international firm of business strategy consultants.

Andrew is currently a member of the Investment Committee for Besen Pty Ltd. He also serves as a member of the Council of Kambala Girls School.

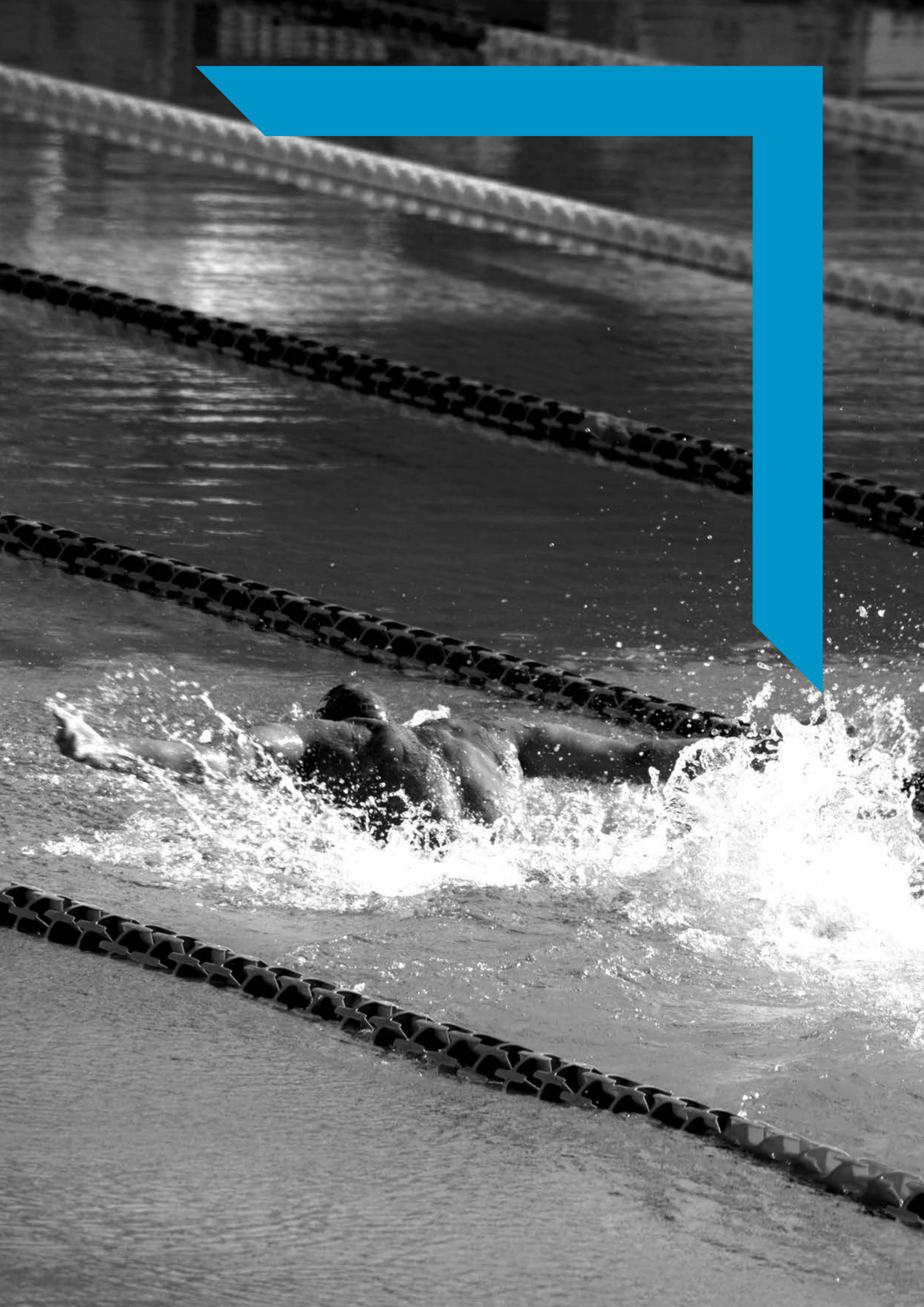
Andrew holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and a Graduate Diploma in Applied Finance (FinSIA). He is also a Fellow of the Financial Services Institute of Australasia.

Matthew Rowe

Matthew Rowe is the former Managing Director of Hood Sweeney, the 30th largest Accounting firm in Australia and twice a BRW top 10 fastest growing firm. Matthew successfully managed his transition and succession from the business to attend Harvard Business School. Matthew was also the longest serving Chairman in the history of the Financial Planning Association of Australia and represented Australia on the Global Standards Body.

In 2017, Matthew was appointed by the Minister for Revenue and Financial Services to the Board of the Financial Adviser Standards and Ethics Authority and served in this capacity for two and a half years.

Matthew brings to CountPlus a track record in leading a high performing professional services organisation, strong corporate and regulatory experience, as well as being recognised as a successful change agent within financial services. Matthew was appointed a Director of CountPlus in October 2016 and CEO in February 2017.



Your Directors present their report on the consolidated entity consisting of CountPlus Limited ('Group' or 'CountPlus') and the entities it controls, for the financial year ended 30 June 2019.

Board of Directors and Company Secretary

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

Name	Position	Date of Appointment
Ray Kellerman	Chairman	27 April 2017
Alison Ledger	Independent Non-Executive Director	1 October 2016
Kate Hill	Independent Non-Executive Director	26 June 2017
Andrew McGill	Independent Non-Executive Director	4 December 2017
Matthew Rowe	Executive Director / Chief Executive Officer / Managing Director	24 February 2017
Laurent Toussaint	Company Secretary	29 June 2018
Narelle Wooden	Company Secretary	30 November 2018

Information on the current Directors including their experience, expertise and other current directorships (including former directorships) of publicly listed companies, is contained in the Board Profile Report on pages 16 to 17.

Meetings of Directors

The Board of Directors has an Audit and Risk Committee, an Acquisition Committee and a Remuneration and Nominations Committee. The Members acting on the Committees of the Board, the number of meetings held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

Name	Directors' Meetings		Audit and Risk Committee		Acquisition Committee		Remuneration and Nominations Committee	
	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended	Position	Meetings Attended
Ray Kellerman	Non-Executive Chair	9/9	Member	5/5	Attendee	1/6	Member	4/4
Alison Ledger	Non-Executive Director	9/9	Member	5/5	Attendee	1/6	Chair	4/4
Kate Hill	Non-Executive Director	9/9	Chair	5/5	Member	6/6	–	
Andrew McGill	Non-Executive Director	9/9	Attendee	3/5	Chair	6/6	Member	4/4
Matthew Rowe	Managing Director and CEO	9/9	Attendee	5/5	Member	6/6	Attendee	4/4

Principal Activities

The principal activities of the parent and its controlled entities (the Group) in the course of the financial year were:

- accounting, tax and audit services; and
- financial advice in relation to investment, superannuation and personal insurance.

Review of Operations and Financial Results

The Directors of CountPlus Limited report a consolidated net profit after tax of $2,956,000 for the year ending 30 June 2019.

The management team has been focussed on working with our Partner firms to improve the key financial, cultural and strategic drivers and grow by acquisitive activity which is reflected in the improved financial results for the year ending 30 June 2019.

Capital Management

Interest-bearing debt has decreased from $2,023,000 at 30 June 2018 to $1,755,000 at 30 June 2019. CountPlus continues to focus on prudent capital management by improving cashflows generated by Partner firms, paying dividends from operating cashflows and investing in earnings accretive acquisitions after undergoing a rigorous acquisition process.

Significant Changes in the State of Affairs

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

- On 16 November 2018, CountPlus Limited purchased a 40% interest in OBM Financial Services Pty Ltd for $1.164M. The transaction completed on 30 November 2018;
- On 20 February 2019, CountPlus Limited's wholly owned subsidiary 360 Financial Advantage Pty Ltd purchased the business of Kerry Albert & Co for $1.205M. The transaction completed on 29 March 2019; and
- On 30 April 2019, CountPlus Limited purchased a 40% interest in Rundles Prime Pty Ltd and a 20% interest in Rundles Financial Planning Pty Ltd for $2.481M. The transaction completed on 30 April 2019.

Dividends

Dividends of 2.0 cents per share were declared and 1.0 cent paid for the 2019 financial year as follows:

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2019	Fully Franked	Paid	1.0 (per fully paid share)	17 April 2019
2019	Fully Franked	Declared	1.0 (per fully paid share)	16 October 2019

Matters Subsequent to the End of the Financial Year

On 13 June 2019, CountPlus Limited, together with a special purpose subsidiary of a discretionary trust established by CountPlus for benefit of Count member firms (CMFT), entered into an agreement to acquire Count Financial Limited (Count Financial). CountPlus will hold 85% and CMFT will hold 15% of Count Financial. The transaction was approved by shareholders on 6 August 2019 and will complete on 1 October 2019, which will be the date on which CountPlus obtains control of Count Financial.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial year;

(b) the results of those operations in future financial year; or

(c) the consolidated entity's state of affairs in future financial year.

The details for the full year final dividend for FY19 are disclosed in note 31.

Likely Developments, Business Strategies and Prospects

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

Our Core Business

The Group's core business is Accounting, Business Advisory and Financial Planning services. The Group will continue to align, build, and grow its core business through organic and acquisitive growth.

Material Business Risks

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

Operational Risk

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

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

A further operational risk relates to inappropriate or inadequate client advice. Regarding the acquisition of Count Financial, which will complete on 1 October 2019, the Commonwealth Bank of Australia has provided a $200 million indemnity to cover remediation of past conduct. All firms are required to have quality assurance processes and appropriate professional indemnity insurance either directly or as part of the Group policy. Partner firms who are part of the Count Financial dealer are covered under Count Financial's professional indemnity insurance arrangements for their financial planning services.

Legislative Risk

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

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

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

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

24 REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the Group's Directors and Executives in accordance with requirements of the Corporations Act 2001 (the Act) and its regulations. This section of the Directors' Report has been audited by the Group's external auditors, Grant Thornton as required by section 308(3C) of the Act.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee of the Board of Directors of CountPlus Limited is responsible for determining and reviewing remuneration arrangements for the Directors and CountPlus executives.

The Committee's purpose is to:

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

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

The Remuneration and Nominations Committee commissioned services from two consultants, Richard Altman Consulting and Guerdon Associates Pty Ltd, during the financial year. CountPlus paid $75,000 for these services. Richard Altman Consulting and Guerdon Associates Pty Ltd have confirmed that any remuneration recommendations have been made free of undue influence by members of the Group's Key Management Personnel.

Voting and comments made at the Group's 2018 Annual General Meeting

At the 2018 AGM, 97.28% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. It is noted that only 1.73% of all securities voted against the adoption of the remuneration report.

The Group has structured an Executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Remuneration Policy

Remuneration arrangements are based on an assessment of the appropriateness of the nature and amount of emoluments of the Directors and other Key Management Personnel, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and Executive team.

The objective of the Group's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Executive reward satisfies the following key criteria for reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders; and
- performance linkage/alignment of executive compensation.

The Group has structured an Executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. To assist in achieving these objectives, the Remuneration and Nominations Committee links the nature and amount of Executive Directors' and Officers' remuneration to the Group's financial and operational performance.

Remuneration Structure

The Board has established a Remuneration and Nominations Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for the CEO, other senior executives and Non-Executive Directors.

Non-Executive Directors

The Board seeks to set aggregate remuneration at a level which provides CountPlus with the ability to attract and retain Non-Executive Directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

The ASX Listing Rules specify that any increase in the total aggregate remuneration of Non-Executive Directors shall be determined by a general meeting. Any increase in aggregate remuneration will be put to shareholders for approval.

Group Executives

The main principle underlying the Group's employee remuneration policy is to ensure rewards are commensurate with the Group's objectives and the results delivered.

The executive remuneration framework has four components:

- Base pay;
- Short term incentives;
- Long term incentives; and
- Other remuneration such as superannuation and long service leave.

Refer to pages 28 and 29 for a detailed breakdown of the remuneration components.

Specifically, this is achieved by ensuring:

- Remuneration reflects each employee's position and responsibilities within the Group;
- The interests of all employees are aligned with those of shareholders;
- Rewards are linked with the strategic goals and performance of the Group; and
- Total remuneration is competitive by market standards.

Contractual Arrangements

Non-Executive and Executive Directors

Non-Executive Directors do not have fixed-term contracts with the Group. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Remuneration and other terms of employment for Group Executives are also formalised in employment contracts. Each of these agreements provide for the provision of performance related cash bonuses and other benefits (which may include car allowances, car parking and participation in any equity scheme). Other major provisions of the agreements relating to remuneration are set out below.

The CEO and Managing Director Matthew Rowe commenced his employment contract on 24 February 2017. Mr Rowe's appointment is for a five-year period. Either party has the right to give notice per the terms of the employment agreement during the period.

Mr Rowe currently has an annual base salary of $410,000 plus superannuation and has a short term incentive up to 100% of his base salary commencing 1 July 2018 and assessed to 30 June 2019. Key performance metrics are set by the CountPlus Board and performance is assessed by the Board in its absolute discretion against these metrics.

Where Mr Rowe is eligible for payment of a short term incentive, payment is as follows:

- 2/3rd cash payment within 30 days of the approval date;
- 1/6th cash payment 12 months from the approval date; and
- the remaining 1/6th cash payment 24 months from the approval date.

Key Management Personnel

Remuneration and other terms of employment for the Executive Director and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements are set out below:

Employee	Base salary*	Term of agreement	Notice period
Matthew Rowe	410,000	Five years	Six months
Laurent Toussaint	299,951	Unspecified	Three months
Graham McGeagh	279,469	Unspecified	Three months
Narelle Wooden	279,469	Unspecified	Three months

* Excluding superannuation based on FY19 salaries. Refer to pages 28 and 29 for a detailed breakdown of the remuneration components.

Long Term incentive

Subject to both shareholder approval at the relevant Annual General Meeting held in or around November each year and the absolute discretion of the Board, on an annual basis, Mr Rowe may be granted a specific number of Performance Rights for shares in the Group. The other Key Management Personnel at the absolute discretion of the Board may also be granted Performance Rights for shares in the Group. Performance Rights are an entitlement to be allocated a share in CountPlus at a future time, subject to the satisfaction of various performance and employment hurdles set out on pages 31 to 33 of this report.

Group Performance and the Link to Remuneration

The Group's remuneration policy aims to achieve a link between the remuneration received by Key Management Personnel and the creation of shareholder wealth. This is attained via the inclusion of an ROE and EPS growth target via the long term incentive scheme for the Key Management Personnel.

Remuneration of Key Management Personnel

Details of the remuneration of the Directors and other Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out below.

2019	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment		
	Salary and Fees	Bonus	Other	Superannuation	Long Service Leave*	Termination Benefits	Performance Rights	Total	% of Variable Remuneration
	$	$	$	$	$	$	$	$	
Non-Executive Directors									
Ray Kellerman	91,324	–	–	8,676	–	–	–	100,000	0%
Alison Ledger	65,000	–	–	6,175	–	–	–	71,175	0%
Kate Hill	65,000	–	–	6,175	–	–	–	71,175	0%
Andrew McGill	65,000	–	–	6,175	–	–	–	71,175	0%
Executive Director									
Matthew Rowe Chief Executive Officer	423,950	272,650	–	20,531	–	–	8,937	726,068	39%
Key Management Personnel									
Laurent Toussaint Chief Financial Officer	299,951	64,097	–	20,531	–	–	6,538	391,117	18%
Graham McGeagh [1] Chief Operating Officer	203,833	60,000	–	15,399	–	–	6,127	285,359	23%
Narelle Wooden [2] General Counsel	173,314	30,000	–	13,456	–	–	3,051	219,821	15%
Mark Chapman [3] Chief Operating Officer	65,827	–	–	5,653	–	–	–	71,480	0%
Total	**1,453,199**	**426,747**	**–**	**102,771**	**–**	**–**	**24,653**	**2,007,370**	

* This amount reflects the expense recognised in the financial statements in accordance with the Corporations Regulation and not the amount that is owing to these directors.

[1] Graham McGeagh was appointed as Chief Operating Officer on 1 October 2018.

[2] Narelle Wooden was appointed as General Counsel on 19 November 2018 and Company Secretary on 30 November 2018.

[3] Mark Chapman resigned as Chief Operating Officer on 8 October 2018.

The elements of remuneration have been determined on the basis of the cost to the parent and the consolidated entity.

2018	Short Term Employee Benefits			Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Share Based Payment	Total	% of Variable Remuneration
	Salary and Fees	Bonus	Other	Superannuation	Long Service Leave*	Termination Benefits	Performance Rights		
	$	$	$	$	$	$	$	$	
Non-Executive Directors									
Alison Ledger	65,000	–	–	6,175	–	–	–	71,175	0%
Andrew McGill	37,500	–	–	3,562	–	–	–	41,062	0%
Barry Lambert [1]	16,250	–	–	1,544	–	–	–	17,794	0%
Kate Hill	65,000	–	–	6,175	–	–	–	71,175	0%
Graeme Fowler [2]	16,250	–	–	1,544	–	–	–	17,794	0%
Ray Kellerman	91,324	–	–	8,676	–	–	–	100,000	0%
Executive Director									
Matthew Rowe Chief Executive Officer	423,950	266,500	–	20,049	709	–	13,694	724,902	39%
Key Management Personnel									
John Collier [3] Chief Financial Officer	143,983	–	–	9,176	–	–	–	153,159	0%
Mark Chapman [4] Chief Operating Officer	17,456	–	–	1,658	179	–	–	19,293	0%
Laurent Toussaint [5] Chief Financial Officer	134,209	25,000	–	9,230	246	–	–	168,685	15%
Total	**1,010,922**	**291,500**	**–**	**67,789**	**1,134**	**–**	**13,694**	**1,385,039**	

[1] Barry Lambert retired as a Director on 30 September 2017.

[2] Graeme Fowler retired as a Director on 30 September 2017.

[3] John Collier retired as Chief Financial Officer on 29 November 2017.

[4] Mark Chapman was appointed as Chief Operating Officer on 4 June 2018.

[5] Laurent Toussaint was appointed as Chief Financial Officer on 22 January 2018.

Shares held by Key Management Personnel

The relevant interests held during the year of the Directors and other Key Management Personnel in the shares of CountPlus Limited, as notified to the Australian Securities Exchange in accordance with the Corporations Act 2001 (Cth), are:

Disclosures relating to shares:

Directors	Balance at the start of the year	Granted as remuneration during the year	Purchased during the year	Forfeited	Disposed	Balance at the end of the year
Ray Kellerman	750,000	–	–	–	–	750,000
Alison Ledger	–	–	10,000	–	–	10,000
Kate Hill	100,000	–	–	–	–	100,000
Andrew McGill	–	–	10,000	–	–	10,000
Matthew Rowe	707,777	–	176,345	–	–	884,122
Other Key Management Personnel						
Laurent Toussaint	20,000	–	–	–	–	20,000
Graham McGeagh	8,330	–	–	–	–	8,330

No other Key Management Personnel hold CountPlus shares.

Equity plans

The Group operates three equity plans for employees. A loan funded share plan, an employee loyalty equity plan, and a long term incentive plan. One of these equity plans include Key Management Personnel, this is the long term incentive plan.

Long Term Incentive Plan

Performance Rights are issued by the Group to the Chief Executive Officer and other Key Management Personnel under its long term incentive plan.

See below summary of long term incentive plan rights issued:

Participant	Year	Rights granted
Matthew Rowe	2018	140,182
	2017	134,693
		274,875
Laurent Toussaint	2018	102,555
	2017	–
		102,555
Graham McGeagh	2018	96,110
	2017	–
		96,110
Narelle Wooden	2018	47,859
	2017	–
		47,859
Total		**521,399**

2018 Long Term Incentive Plan

The performance rights vest over four years on achievement of service conditions and company specific performance conditions and is split evenly between two tranches. Based on the 2018 long term incentive award approved at the Annual General Meeting on 19 November 2018, Matthew Rowe and the other Key Management Personnel have been granted the following Performance Rights:

Description	Participant	Grant date	Expiry date	Granted during the year	Exercised	Forfeited	Balance at end of the year
2018 LTI award	Matthew Rowe	19 November 2018	20 December 2022	140,182	–	–	140,182
2018 LTI award	Laurent Toussaint	19 November 2018	20 December 2022	102,555	–	–	102,555
2018 LTI award	Graham McGeagh	19 November 2018	20 December 2022	96,110	–	–	96,110
2018 LTI award	Narelle Wooden	19 November 2018	20 December 2022	47,859	–	–	47,859

The performance conditions for tranche 1 are as follows:

Tranche 1 Performance Rights will vest if the Group's earnings per share (EPS) achieves a diluted compound earnings growth rate from 10% and equal to or greater than 12.5% per annum over four consecutive financial years commencing on 1 July 2018 (Diluted EPS Growth) as illustrated in the table below:

Diluted EPS Growth	% of Performance Rights in Diluted EPS Tranche that will vest
< 10% p.a.	0%
= or > 10% p.a.	20%
> 12.5% p.a.	100%

The performance conditions for tranche 2 are as follows:

Tranche 2 Performance Rights will vest if the Group's return on equity (ROE) is from 9% and equal to or greater than 15% per annum over four consecutive financial years commencing on 1 July 2018 (Average ROE) as illustrated in the table below:

Average ROE	% of Performance Rights in ROE Tranche that will vest
< 9% p.a.	0%
= or > 9% p.a.	10%
> 15% p.a.	100%

When EPS of 10% to 12.5% or more is generated, tranche 1 vests on a straight-line basis between 20% and 100%.
When ROE of 9% to 15% or more is generated, tranche 2 vests on a straight-line basis between 10% and 100%.

2017 Long Term Incentive Plan

The performance rights vest over three years on achievement of service conditions and company specific performance conditions and is split evenly over two tranches. Based on the 2017 long term incentive award approved at the Annual General Meeting on 23 November 2017, Matthew Rowe has been granted the following Performance Rights:

Description	Participant	Grant date	Expiry date	Granted during the year	Exercised	Forfeited	Balance at end of the year
2017 LTI award	Matthew Rowe	23 November 2017	22 November 2020	134,693	–	–	134,693

The performance conditions for tranche 1 are as follows:

Tranche 1 Performance Rights will vest if the Group's earnings per share (EPS) achieves a diluted compound earnings growth rate from 10% and equal to or greater than 12.5% per annum over three consecutive financial years commencing on 1 July 2017 (Diluted EPS Growth) as illustrated in the table below:

Diluted EPS Growth	% of Performance Rights in Diluted EPS Tranche that will vest
< 10% p.a.	0%
= or > 10% p.a.	20%
> 12.5% p.a.	100%

The performance conditions for tranche 2 are as follows:

Tranche 2 Performance Rights will vest if the Group's return on equity (ROE) is from 12% and equal to or greater than 15% per annum over three consecutive financial years commencing on 1 July 2017 (Average ROE) as illustrated in the table below:

Average ROE	% of Performance Rights in ROE Tranche that will vest
< 12% p.a.	0%
= or > 12% p.a.	20%
> 15% p.a.	100%

Both tranches vest on a straight-line basis between 20% and 100%.

Other transactions with Key Management Personnel

Managing Director and CEO Matthew Rowe is a Director and Investor in My Accounts Bookkeeping (My Accounts). In FY19 CountPlus used the services of My Accounts for which it paid $36,870 (excluding GST). CountPlus' 100% owned subsidiary CountPlus One Pty Ltd paid $29,059 (excluding GST) in fees and disbursements to My Accounts. Mr Rowe did not participate or bear any kind of influence in decisions relating to transactions with My Accounts.

There are no other transactions which involved the Key Management Personnel during the financial year 2019.

End of audited Remuneration Report.

Indemnification and Insurance of Directors, Officers and Auditors

During the financial year, the Group paid premiums in respect of a contract insuring all the Directors and Officers of the Group against any claims and wrongful acts arising out of their conduct while acting in their capacity as Director or Officer of the Group. All Directors' and Officers' liability policies contain a Confidentiality Condition, which restricts the insured from disclosing certain information regarding this insurance. The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Environmental Regulation

The Group is not regulated by any significant environmental regulations under the Laws of the Commonwealth, State or Territory.

Non-Audit Services

In addition to providing external audit services, the auditors, Grant Thornton, provided non-audit services during the year under review. Details of the services rendered are set out in note 25.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is on page 36.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand Australian dollars unless otherwise indicated.

Corporate Governance Statement

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

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

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

Ray Kellerman
Chairman
Sydney
6 September 2019

36 AUDITOR'S INDEPENDENCE DECLARATION

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Sydney NSW 2000

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W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of CountPlus Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of CountPlus Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 6 September 2019

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

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Corporate Directory

DIRECTORS

Raymond Kellerman

Independent Non-Executive Director
Appointed 16 January 2017

Chairman
Appointed 27 April 2017

Alison Ledger

Independent Non-Executive Director
Appointed 1 October 2016

Kate Hill

Independent Non-Executive Director
Appointed 26 June 2017

Andrew McGill

Independent Non-Executive Director
Appointed 4 December 2017

Matthew Rowe

Independent Non-Executive Director
Appointed 1 October 2016

Managing Director and Chief Executive Officer
Appointed 24 February 2017

CHIEF FINANCIAL OFFICER

Laurent Toussaint
Appointed 22 January 2018

COMPANY SECRETARY

Laurent Toussaint
Appointed 29 June 2018

Narelle Wooden
Appointed 30 November 2018

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 17, Suite 2
1 Margaret Street
Sydney NSW 2000
Telephone +61 2 8488 4500

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone 1300 855 080
+61 2 8234 5000
Facsimile +61 2 8234 5050

INDEPENDENT AUDITORS

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

SOLICITORS

Thomson Geer Lawyers
Level 25, 1 O'Connell Street
Sydney NSW 2000
Telephone +61 2 8248 5400

BANKERS

Westpac Banking Corporation

STOCK EXCHANGE LISTINGS

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

WEBSITE ADDRESS

www.countplus.com.au

ABN

11 126 990 832

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue from operating activities	3,4	**68,646**	74,386
Other income			
Gain on deferred consideration adjustment		**–**	271
Gain on disposal of investments, business units and subsidiaries	4	**1,000**	2,258
Interest income		**75**	53
Other income		**1,452**	718
Total other income		**2,527**	3,300
Salaries and employee benefits expense	5	**(47,706)**	(52,207)
Amortisation expense		**(1,440)**	(2,070)
Depreciation expense		**(847)**	(842)
Premises expenses		**(4,324)**	(4,494)
Acquisition related expenses		**(1,840)**	(36)
Share based payment expense		**8**	(60)
Impairment of intangible assets	13	**(1,060)**	(4,700)
Reversal of impairment / (impairment) of receivables		**103**	(333)
Fair value loss on investments		**–**	(2)
Finance costs		**(342)**	(463)
Other operating expenses	5	**(10,768)**	(10,695)
Total expenses		**(68,216)**	(75,902)
Share of net profit of associates accounted for using equity method	14	**1,553**	828
Profit from operations before income tax		**4,510**	2,612
Income tax expense	6	**(1,554)**	(300)
Net profit from operations after income tax		**2,956**	2,312
Loss for the year from discontinued operations	22	**–**	(1,465)
Profit for the year		**2,956**	847
Other comprehensive income, net of income tax			
Other comprehensive income, net of income tax		**–**	–
Other comprehensive income for the year, net of income tax		**–**	–
Total comprehensive income for the year, net of income tax		**2,956**	847
Net profit / (loss) attributable to:			
Owners of CountPlus Limited		**1,635**	(176)
Non-controlling interests		**1,321**	1,023
		2,956	847
Total comprehensive income / (loss) for the year is attributable to:			
Owners of CountPlus Limited		**1,635**	(176)
Non-controlling interests		**1,321**	1,023
		2,956	847

		Cents	Cents
Basic and diluted earnings / (loss) per share			
From continuing operations attributable to the ordinary owners of the Group	33	**1.48**	1.17
From discontinued operations	33	**–**	(1.33)
Total basic and diluted loss per share attributable to the owners of the Group	33	**1.48**	(0.16)

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

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 $'000	2018 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**10,258**	10,998
Trade and other receivables	8	**11,909**	10,964
Loans and advances	9	**19**	205
Contract assets	10	**3,522**	4,340
Current tax receivable	11	**–**	59
TOTAL CURRENT ASSETS		**25,708**	26,566
NON-CURRENT ASSETS			
Loans and other receivables	8	**672**	1,300
Investments in associates	14	**13,607**	9,088
Deferred tax assets	11	**550**	390
Property, plant and equipment	12	**3,697**	3,705
Intangible assets	13	**33,173**	34,228
TOTAL NON-CURRENT ASSETS		**51,699**	48,711
TOTAL ASSETS		**77,407**	75,277
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**5,785**	5,114
Interest bearing loans and borrowings	16	**527**	173
Current tax liabilities	11	**336**	–
Provisions	18	**5,052**	4,719
Contract liabilities	17	**916**	487
Other current liabilities	17	**383**	468
TOTAL CURRENT LIABILITIES		**12,999**	10,961
NON-CURRENT LIABILITIES			
Other payables	15	**108**	75
Interest bearing loans and borrowings	16	**1,228**	1,850
Provisions	18	**1,130**	1,019
Other non-current liabilities	17	**601**	584
TOTAL NON-CURRENT LIABILITIES		**3,067**	3,528
TOTAL LIABILITIES		**16,066**	14,489
NET ASSETS		**61,341**	60,788
EQUITY			
Contributed equity	19	**121,583**	121,583
Reserves	20	**(47,062)**	(51,363)
Accumulated losses	21	**(19,412)**	(15,439)
Capital and reserves attributable to owners of CountPlus Limited		**55,109**	54,781
Non-controlling interests	23	**6,232**	6,007
TOTAL EQUITY		**61,341**	60,788

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

	Note	Issued Capital $'000	Treasury Shares* $'000	Accumulated Losses $'000	Share Based Payment Reserve $'000	Acquisition Reserve $'000	Total $'000	Non-controlling interests (NCI) $'000	Total $'000
Balance at 1 July 2018		**126,566**	**(4,983)**	**(15,439)**	**1,494**	**(52,857)**	**54,781**	**6,007**	**60,788**
Profit for the year		–	–	1,635	–	–	1,635	1,321	2,956
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**1,635**	**–**	**–**	**1,635**	**1,321**	**2,956**
Transactions with non controlling interests (NCI)	23	–	–	–	–	–	–	(161)	(161)
Share based payments for long term incentives (LTI)		–	–	–	(8)	–	(8)	–	(8)
Transfer to accumulated losses^	21	–	–	(3,350)	–	4,309	959	–	959
Dividends provided for or paid**	23,24	–	–	(2,258)	–	–	(2,258)	(935)	(3,193)
Balance at 30 June 2019		**126,566**	**(4,983)**	**(19,412)**	**1,486**	**(48,548)**	**55,109**	**6,232**	**61,341**

	Note	Issued Capital $'000	Treasury Shares* $'000	Accumulated Losses $'000	Share Based Payment Reserve $'000	Acquisition Reserve $'000	Total $'000	Non-controlling interests (NCI) $'000	Total $'000
Balance at 1 July 2017		126,566	(4,983)	(2,955)	1,434	(66,000)	54,062	3,688	57,750
(Loss) / Profit for the year		–	–	(176)	–	–	(176)	1,023	847
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	(176)	–	–	(176)	1,023	847
Transactions with non controlling interests (NCI)	23	–	–	–	–	835	835	1,961	2,796
Share based payments for loan funded share plan (LFSP)*		–	–	–	46	–	46	–	46
Share based payments for long term incentives (LTI)		–	–	–	14	–	14	–	14
Transfer to accumulated losses^	21	–	–	(12,308)	–	12,308	–	–	–
Dividends provided for or paid**	23,24	–	–	–	–	–	–	(665)	(665)
Balance at 30 June 2018		126,566	(4,983)	(15,439)	1,494	(52,857)	54,781	6,007	60,788

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

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

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

^ Transfer of Acquisition Reserve to Accumulated Losses for firms disposed.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and services tax)		**109,477**	120,468
Payments to suppliers and employees (inclusive of goods and services tax)		**(101,810)**	(113,734)
		7,667	6,734
Interest received		**75**	53
Interest paid		**(342)**	(463)
Income taxes paid		**(1,451)**	(1,271)
Net cash from continuing operating activities		**5,949**	5,053
Net cash from discontinued operating activities		**–**	(259)
Net cash inflow from operating activities	32	**5,949**	4,794
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment and business units		**1,169**	294
Proceeds from sales under the Owner, Driver – Partner model		**–**	3,447
Proceeds from sale of shares in Class Limited		**–**	3,385
Proceeds from sale of Kidmans PEC Pty Ltd	22	**–**	3,445
Proceeds from sale of subsidiaries, business units and associates		**–**	5,983
Purchase of property, plant and equipment		**(957)**	(493)
Payment for acquisition of subsidiaries / business assets		**(919)**	(750)
Payment for acquisition of associates	14	**(3,722)**	–
Income taxes paid on the sale of shares in Class Limited		**–**	(3,741)
Dividends / distributions received from associates		**757**	665
Payment of deferred consideration on acquisition of controlled entities and associates	17	**(370)**	(478)
Net cash from continuing investing activities		**(4,042)**	11,757
Net cash from discontinued investing activities		**–**	(83)
Net cash (outflow) / inflow from investing activities		**(4,042)**	11,674
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**1,168**	38,333
Repayment of borrowings		**(622)**	(49,858)
Proceeds of borrowings / hire purchase and lease liabilities		**–**	(30)
Payment of dividends to equity holders		**(2,258)**	–
Payment of dividends by controlled subsidiaries to non-controlling interests		**(935)**	(1,305)
Net cash from continuing financing activities		**(2,647)**	(12,860)
Net cash from discontinued financing activities		**–**	–
Net cash outflow from financing activities		**(2,647)**	(12,860)
Net (decrease) / increase in cash and cash equivalents held		**(740)**	3,608
Cash and cash equivalents at beginning of financial year		**10,998**	8,284
Included in disposal group		**–**	(894)
Cash and cash equivalents at end of financial year	7	**10,258**	10,998

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

1 General information

CountPlus Limited ('the Group') is a listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX'). The consolidated financial report of the Group for the year ended 30 June 2019 ('the financial report') comprises the parent and its controlled entities ('the Group'). CountPlus Limited is the ultimate parent entity in the Group.

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

The financial statements were authorised for issue in accordance with a resolution of Directors, on 6 September 2019.

2 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

During the current year, the Group adopted all mandatory accounting standards. There were no standards adopted that have had a material impact on the Consolidated entity.

None of any other new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

AASB 9 Financial Instruments

The Group early adopted AASB 9 in the year ended 30 June 2016. As a result, the standard has no impact on the year ended 30 June 2019.

AASB 15 Revenue from contracts with customers (effective for periods commencing on or after 1 January 2018)

The consolidated entity has adopted AASB 15 from 1 July 2017, using the fully retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract asset, contract liability, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of AASB 15 resulted in the following adjustments:

- interest receivable now shown on the face of profit or loss;
- work in progress now reclassified as contract asset; and
- unearned revenue now reclassified as contract liability.

There was no change in the carrying amounts on the adoption of AASB 15 as at 1 July 2017.

Revenue arises mainly from accounting and financial planning services.

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group during the year.

(iii) Accounting standards and interpretations issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Consolidated entity has decided against early adoption of these standards. Set out below is a summary of future requirements, and their impact on the Consolidated entity:

AASB 16 Leases (effective for periods commenting on or after 1 January 2019)

AASB 16 replaces AASB 117 Leases, and certain other lease related interpretations. The new standard:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting; and
- requires new and different lease disclosures.

When this standard is first adopted for the year ended 30 June 2020, there will be a number of material impacts on the transactions and balances recognised in the financial statements. The estimated likely impact on the financial statement as at 30 June 2020, based on facts as at the date of the assessment are as follows:

As at the reporting date, the Group has non-cancellable operating lease commitments of $7,911,000, see note 27. Of these commitments, approximately $104,000 relate to short term leases and $9,000 to low value leases which will both be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately $10,427,000 on 1 July 2019, lease liabilities of $12,029,000 and deferred tax assets of $481,000. Overall net assets will be approximately $1,444,000 lower, and net current assets will be $2,142,000 lower due to the presentation of a portion of the liability of as a current liability.

The group expects that net profit after tax will decrease by approximately $24,000 for 30 June 2020 as a result of adopting the new rules.

Operating cash flows will increase, and financing cash flows decrease by approximately $2,674,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group will apply the standards from 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption.

(iv) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 38.

(v) Historical cost convention

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

(vi) Changes to presentation

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CountPlus Limited ('parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. CountPlus Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated entity. Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and consolidated statement of financial position respectively.

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

(iii) Employee share trust

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

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

(c) Financial Instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

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

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

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

Classifications are determined by both:

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

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

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

Impairment of Financial assets

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

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

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

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

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

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

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

Trade and other receivables and contract assets

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

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

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The Consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

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

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

(f) Comparatives

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

3 Segment information

The chief operating decision making function (CODM) viewed the Group's operations under the following separate reportable segments:

- **Accounting** which comprises the provision of accounting, audit and assurance, taxation and business and corporate advisory services.
- **Financial Services** which comprises of financial planning services which separates TFS, a holder of an Australian Financial Services licence (AFSL) and financial planning services offered by Partner firms.
- **Other** which mainly comprises of information technology related revenue, legal related revenue, conference and insurance related revenue.

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

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

(a) Segment performance

	Continuing Operations										Discontinued Operations Total	
			Financial Services									
	Accounting		Financial Services (Ex TFS)		Financial Services (TFS)		Other		Total			
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	**50,714**	54,403	**11,718**	12,525	**3,900**	4,419	**2,314**	3,039	**68,646**	74,386	–	3,173
Segment contribution margin	**22,751**	23,726	**5,506**	6,319	**2,189**	2,394	**1,120**	1,940	**31,566**	34,379	–	1,846

(b) Reconciliation of segment contribution margin to profit from operations before income tax

	Continuing Operations		Discontinued Operations	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total contribution margin	**31,566**	34,379	–	1,846
Other income	**2,527**	3,300	–	7
Share of net profit of associates	**1,553**	828	–	–
Amortisation and depreciation expense	**(2,287)**	(2,912)	–	(120)
Premises expenses	**(4,324)**	(4,494)	–	(152)
Finance costs	**(342)**	(463)	–	–
Impairment of goodwill	**(1,060)**	(4,700)	–	–
Other costs	**(23,123)**	(23,326)	–	(554)
Profit from operations before income tax	**4,510**	2,612	–	1,027

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

Other costs include $10,702,000 of salaries and employee benefit expense that are not included in contribution margin. Regarding the other operating expenses in the amount of $10,768,000 (refer note 5), acquisition related expenses of $1,840,000 have been included in other costs.

4 Revenue and other income

(a) Disaggregation of revenue

	Continuing Operations		Discontinued Operations	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Segment revenue				
Financial services revenue				
Gross financial services revenue (b)	**44,471**	43,624	–	–
Fees, commissions and related costs (c)	**(28,853)**	(26,680)	–	–
Total financial services revenue	**15,618**	16,944	–	–
Accounting services revenue	**50,714**	54,403	–	–
Commission earned on property sales	–	–	–	5,507
Commission paid on property sales	–	–	–	(2,855)
Other property related income	–	–	–	342
Other operating revenue	**2,314**	3,039	–	179
Total revenue from operating activities	**68,646**	74,386	–	3,173
Timing of revenue recognition				
At a point in time	**17,932**	19,983	–	3,173
Over time	**50,714**	54,403	–	–
	68,646	74,386	–	3,173

(b) Gross financial services revenue

Gross financial services revenue includes revenue generated from services performed by authorised representatives of Total Financial Solutions Australia Limited (TFS), an Australian Financial Services Licence holder. TFS is considered to be acting as agent under the requirements of AASB 15 Revenue from Contracts with Customers, and therefore we have deducted fees, commissions and related costs, to arrive at total financial services revenue of $15.618M (2018: $16.944M).

(c) Fees, commissions and related costs

Fees, commissions and related costs are made up primarily of two components: those payable by subsidiary, Total Financial Solutions Australia Limited to financial advisors in accordance with their Authorised Representative Agreements, and referral fees payable to its affiliated members. Fees, commissions and related costs are deducted from gross financial services revenue to arrive at total financial services revenue.

(d) Other Income

Gain on disposal of investments, business units and subsidiaries are $1,000,000 in the current year. The $1,000,000 gain relates to the sale of the Privilege model, a separately managed account platform to Morningstar Investment Management. The 2018 amount of $2,258,000 relates to the following items:

- $108,000 gain on sale of Bentleys Corporate Advisory (WA) Pty Ltd;
- $1,261,000 gain on sale of Twomeys Accounting and Advice Pty Ltd, Twomeys Wagga Financial Planning Pty Ltd and Audits Service Company Pty Ltd;
- $856,000 gain on sale of the business unit of Achieve Corporation, the payroll processing business unit; and
- $33,000 gain on sale of Class shares.

(e) Significant accounting policy

Revenue recognition

To determine whether to recognise revenue, the Group follows a 5-step process:

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

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

Performance obligations for accounting and financial planning revenue

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

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

Accounting services revenue is recognised over a period of time, with financial services revenue being recognised at a point in time.

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

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

Commission earned on property sales is recognised in the accounting period in which the services are rendered. Revenue is recognised after an estimation of the percentage of work completed, based on actual service provided as a proportion of the total services to be provided.

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

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

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

5 Expenses

This note provides a breakdown of the items included in 'Other operating expenses' and 'Salaries and employee benefits expense'.

	2019 $'000	2018 $'000
Professional, service and consulting fees		
Audit fees	**389**	384
Legal fees	**664**	802
Accounting and other professional fees	**654**	586
Total professional, service and consulting fees	**1,707**	1,772
Other expenses		
Sales and marketing expenses	**855**	787
Administration expenses	**2,547**	2,790
Insurance expense	**1,727**	1,551
Technology expense	**3,422**	3,373
Net loss on disposal of property, plant and equipment	**10**	35
Other	**500**	387
Total other expenses	**9,061**	8,923
Total other operating expenses from continuing operations	**10,768**	10,695
Total other operating expenses from discontinued operations	**–**	416
Salaries and employee benefit expenses		
Wages, salaries and on-costs	**39,450**	43,286
Post-employment benefit expenses	**3,545**	3,885
Other employee benefit expenses	**4,711**	5,036
Total salaries and employee benefit expenses from continuing operations	**47,706**	52,207
Total salaries and employee benefit expense from discontinued operations	**–**	1,465

6 Tax expense

(a) Income tax expense

	2019 $'000	2018 $'000
Current tax expense	**1,797**	1,835
Over provision	**(2)**	(8)
Deferred tax benefit	**(241)**	(1,527)
Income tax expense	**1,554**	300
Deferred income tax expense (income) included in income tax expense comprises:		
Increase / (decrease) in deferred tax assets (note 11(c))	**400**	(418)
Decrease in deferred tax liabilities (note 11(e))	**(641)**	(1,109)
Total	**(241)**	(1,527)

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

	2019 $'000	2018 $'000
Profit from continuing operations before income tax expense	**4,510**	2,612
Australian tax rate	**30%**	30%
Tax amount at the Australian tax rate	**1,353**	784
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible depreciation and amortisation	**–**	70
Gain on disposal of subsidiaries	**–**	(378)
Gain on disposal of investments	**–**	(10)
Gain on sale of product	**(273)**	(257)
Goodwill impairment expense	**318**	1,410
Non-deductible expenses	**481**	539
Share of equity accounted investments	**(443)**	(200)
Non-taxable income	**(40)**	–
Gain on deferred consideration	**–**	(81)
Benefit on trail commission	**(22)**	(28)
Recognition of realisation of prior year reserve transaction	**–**	(45)
Taxable capital gain on sale of shares	**–**	107
Initial recognition of deferred tax asset on capital losses	**(5)**	(845)
Utilisation of capital losses not previously brought to account	**–**	(758)
Utilisation of capital losses previously brought to account	**366**	–
Profit on disposal of parcel of fees	**(75)**	–
Clawback on purchase price	**(31)**	–
Profit on legal settlement	**(60)**	–
Other	**(13)**	–
	1,556	308
Over provision in prior years	**(2)**	(8)
Total income tax expense	**1,554**	300

The Group continues to account for their own current and deferred tax amounts. The current and deferred tax amounts are measured in a systematic manner that is consistent with the principles in AASB 112 Income Taxes.

(c) Significant accounting policy

Income tax

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

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

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

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

Tax consolidation legislation

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

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

7 Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and in hand	**10,258**	10,998

(a) Reconciliation of cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows.

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 35. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

(c) Significant accounting policy

Cash and cash equivalents

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

8 Trade and other receivables

(a) Current assets – Trade and other receivables

	2019 $'000	2018 $'000
Trade receivables	**9,558**	10,302
Allowance for expected credit losses	**(570)**	(980)
	8,988	9,322
Prepayments	**1,113**	1,133
Other receivables	**1,808**	509
	11,909	10,964

(b) Ageing analysis of trade receivables

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

	2019 $'000	2018 $'000
Current	**6,308**	6,201
0 to 1 month	**923**	1,322
1 to 3 months	**589**	1,620
3 to 6 months	**650**	722
Over 6 months	**1,088**	437
	9,558	10,302

Trade receivables are non-interest bearing and are generally on 30-day terms. Allowance for expected losses is recognised when there is objective evidence that a trade receivable is impaired and is based on the Group policies. Reversal of impairment and (impairment) of receivables of $103,000 (2018: $333,000) has been recognised by the Group in the current year. These amounts have been included on the face of the statement of profit and loss.

(c) Significant accounting policy

Trade receivables

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

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

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

Significant accounting judgements, estimates and assumptions

Allowance for expected losses of receivables

The allowance for expected losses of receivables assessment requires a degree of estimation and judgement. The level of expected credit losses is assessed by considering the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(d) Movements and aging of allowance for expected credit losses

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

	2019 $'000	2018 $'000
At 1 July	**(980)**	(1,167)
Reversal of impairment / (impairment) of receivables	**103**	(333)
Receivables written off during the year as uncollectable	**307**	520
At 30 June	**(570)**	(980)

The creation and release of the allowance for expected credit losses has been included on the face of the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 35 for more information on the risk management policy of the Group.

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

	2019 $'000	2018 $'000
Current	**14**	5
1 to 3 months	**6**	37
3 to 6 months	**98**	268
Over 6 months	**452**	670
	570	980

(e) Non-current assets – Receivables

	2019 $'000	2018 $'000
Other receivables	**672**	1,300
	672	1,300

9 Loans and advances

	2019 $'000	2018 $'000
Loans and advances	**19**	205

10 Contract assets

	2019 $'000	2018 $'000
Contract assets	**3,693**	4,340
Allowance for expected credit losses of contract assets	**(171)**	–
	3,522	4,340

Contract assets have decreased from FY18 as a result of improved management of working capital and billing of contract assets.

(a) Aging of contract assets

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

	2019 $'000	2018 $'000
Current	**1,458**	1,800
1 to 3 months	**1,145**	1,275
3 to 6 months	**585**	672
Over 6 months	**505**	593
	3,693	4,340

(b) Significant accounting policy

Contract assets

Contract assets represents costs incurred and profit recognised on client assignments and services that are in progress and have not yet been invoiced at reporting date. Contract assets are valued at net realisable value after providing for any expected credit losses. Contract assets are recognised in the statement of financial position and the movement recognised in the statement of profit or loss. Financial planning contract assets not representing fees for services, are not recognised in the statement of financial position and statement of comprehensive income until invoiced.

Significant accounting judgements estimates and assumptions

Allowance for expected credit losses

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

(c) Movements and aging of allowance for expected credit losses

Movement in provision for allowance of credit losses.

	2019 $'000	2018 $'000
At 1 July	**–**	(555)
Allowance for credit losses recognised in the year	**(171)**	–
Unused amounts reversed	**–**	555
At 30 June	**(171)**	–

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

	2019 $'000	2018 $'000
Current	**–**	–
1 to 3 months	**16**	–
3 to 6 months	**31**	–
Over 6 months	**124**	–
	171	–

The creation and release of the allowance for expected credit losses has been included on the face of the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 35 for more information on the risk management policy of the Group.

11 Tax assets and liabilities

(a) Current tax assets and liabilities

	2019 $'000	2018 $'000
Current tax (payable) / receivable	**(336)**	59

(b) Deferred tax assets

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Employee liabilities (annual leave and long service leave)	**1,675**	1,604
Bad and doubtful debts	**171**	294
Professional fees	**17**	32
Make good	**67**	87
Rent free period	**16**	23
Accruals	**274**	210
Loan establishment costs	**–**	8
Tax losses	**748**	1,063
Other	**45**	43
Total deferred tax assets	**3,013**	3,364
Set-off of deferred tax liabilities pursuant to set-off provisions	**(2,463)**	(2,974)
Net deferred tax assets	**550**	390

(c) Movements in deferred tax assets

	$'000
At 1 July 2017	3,257
Credited to income tax expense	418
Deferred tax balance on disposal of subsidiaries	(311)
At 30 June 2018	3,364
At 1 July 2018	**3,364**
Charged to income tax expense	**(400)**
Increase in tax losses	**49**
At 30 June 2019	**3,013**

(d) Deferred tax liabilities

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**1,057**	1,301
Prepaid expenses	**15**	10
Fair valued intangible assets	**1,385**	1,634
Other	**6**	29
Total deferred tax liabilities	**2,463**	2,974
Set-off of deferred tax assets pursuant to set-off provisions (refer note 11(b) above)	**(2,463)**	(2,974)
Net deferred tax liabilities	**–**	–

(e) Movements in deferred tax liabilities

	Share of profit of associates $'000	Fair valued intangible assets $'000	Other $'000	Total $'000
At 1 July 2017	98	2,042	2,757	4,897
Net deferred tax balance on acquisition of subsidiaries*	–	(9)	(805)	(814)
Unwinding DTL / Overprovision	102	154	(256)	–
Credited to the income tax expense	(200)	(553)	(356)	(1,109)
At 30 June 2018	–	1,634	1,340	2,974
At 1 July 2018	**–**	**1,634**	**1,340**	**2,974**
Net deferred tax balance on acquisition of subsidiaries*	**–**	**130**	**–**	**130**
Credited to the income tax expense	**–**	**(380)**	**(261)**	**(641)**
At 30 June 2019	**–**	**1,384**	**1,079**	**2,463**

* Includes business assets acquired by Partner firms.

(f) Significant accounting policy

Significant accounting judgements, estimates and assumptions

Deferred taxes

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

Recognition of Deferred Tax Assets on Capital Losses

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

12 Property, plant and equipment

	Office Equipment $'000	Furniture, fixtures and fittings $'000	Leasehold improvements $'000	Other property, plant and equipment $'000	Motor vehicle $'000	Total $'000
Year 30 June 2018						
Opening net book amount	1,614	1,071	1,020	541	82	4,328
Additions	405	141	59	176	14	795
Deconsolidation of subsidiary	(233)	(19)	(8)	(148)	(35)	(443)
Disposals – written down value	(97)	(13)	–	(8)	(15)	(133)
Depreciation expense	(375)	(231)	(85)	(143)	(8)	(842)
Closing net book value	1,314	949	986	418	38	3,705
At 30 June 2018						
Cost	3,011	2,413	1,476	1,567	101	8,568
Accumulated depreciation	(1,697)	(1,464)	(490)	(1,149)	(63)	(4,863)
Net book value	1,314	949	986	418	38	3,705
Year 30 June 2019						
Opening net book amount	**1,314**	**949**	**986**	**418**	**38**	**3,705**
Additions	**486**	**115**	**260**	**–**	**18**	**879**
Disposals – written down value	**(12)**	**–**	**–**	**(28)**	**–**	**(40)**
Depreciation expense	**(425)**	**(222)**	**(106)**	**(81)**	**(13)**	**(847)**
Closing net book value	**1,363**	**842**	**1,140**	**309**	**43**	**3,697**
At 30 June 2019						
Cost	**4,324**	**2,830**	**1,678**	**1,343**	**100**	**10,275**
Accumulated depreciation	**(2,961)**	**(1,988)**	**(538)**	**(1,034)**	**(57)**	**(6,578)**
Net book value	**1,363**	**842**	**1,140**	**309**	**43**	**3,697**

(a) Significant accounting policy

Property, plant and equipment

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

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

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

Leasehold improvements	10% – 20%
Office equipment	4% – 67%
Furniture, fixtures and fittings	8% – 37%
Make good	Over the estimated life of the lease
Motor vehicle	20% – 25%

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Provision for make good

A provision has been made for the present value of anticipated costs of future restoration of various leased office premises. The provision includes future cost estimates associated with refurbishment to restore the leased premises to their original conditions. Provision recognised for each office is measured at management's best estimate of the expenditures where it is probable that an outflow of resources will be required. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

13 Intangible assets

	Goodwill $'000	Acquired client relationship / Adviser networks $'000	Brands $'000	IT software $'000	Other intangible assets $'000	Total $'000
Year 30 June 2018						
Opening net book value	35,263	7,653	1,193	216	669	44,994
Additions	–	–	–	33	–	33
Additions through business combinations	541	298	–	–	–	839
Disposals	(575)	–	–	(48)	(213)	(836)
Deconsolidation	(2,570)	(173)	(1,193)	(46)	(50)	(4,032)
Amortisation	–	(1,964)	–	(87)	(19)	(2,070)
Impairment expense	(4,700)	–	–	–	–	(4,700)
Closing net book value	27,959	5,814	–	68	387	34,228
At 30 June 2018						
Cost	36,889	25,565	1,193	525	408	64,580
Accumulated amortisation and impairment	(8,930)	(19,751)	(1,193)	(457)	(21)	(30,352)
Net book value	27,959	5,814	–	68	387	34,228
Year 30 June 2019						
Opening net book value	**27,959**	**5,814**	**–**	**68**	**387**	**34,228**
Additions	**902**	**442**	**–**	**62**	**20**	**1,426**
Acquisitions through business combinations	**–**	**–**	**–**	**50**	**–**	**50**
Disposals	**(1)**	**(30)**	**–**	**–**	**–**	**(31)**
Amortisation	**–**	**(1,331)**	**–**	**(50)**	**(59)**	**(1,440)**
Impairment expense	**(1,060)**	**–**	**–**	**–**	**–**	**(1,060)**
Closing net book value	**27,800**	**4,895**	**–**	**130**	**348**	**33,173**
At 30 June 2019						
Cost	**37,790**	**25,978**	**–**	**637**	**428**	**64,833**
Accumulated amortisation and impairment	**(9,990)**	**(21,083)**	**–**	**(507)**	**(80)**	**(31,660)**
Net book value	**27,800**	**4,895**	**–**	**130**	**348**	**33,173**

(a) Impairment tests for goodwill

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

For the purpose of impairment testing, fourteen of the eighteen Partner firms listed in note 29, are considered as separate CGUs, operating largely independently from other businesses in the Group. All subsidiaries are separately identified in note 29.

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

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

	2019 $'000	2018 $'000
Significant cash generating units		
CountPlus One Pty Ltd	**4,761**	4,761
The MBA Partnership Pty Ltd	**4,172**	4,172
Kidmans Partners Pty Ltd	**3,617**	3,617
360 Financial Advantage Pty Ltd	**3,492**	2,590
Bentleys (WA) Pty Ltd	**1,826**	1,826
Crosby Dalwood Pty Ltd	**1,782**	1,782
Mogg Osborne Pty Ltd	**1,629**	1,629
Remaining cash-generating units	**6,521**	7,582
	27,800	27,959

(b) Key assumptions used for value in use calculations

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

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

Revenue growth is based on the budget for the next financial year as well as management assessment over the forecast period. Budget revenue for 2020 is based on management expectations and the average annual revenue growth thereafter is assumed to be maintained at 3% p.a. over the remaining forecast period for all CGUs.

Employment expense ratios are based on the budget for the next financial year and management assessment over the forecast period. Employment expense ratio shows the employment cost as a percentage of net revenue. This is assumed to be maintained between 52% and 70% over the forecast period.

Discount rates represent the current market assessment of the risks specific to the Group, considering the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects management's estimation of the time value of money and specific risk estimated for the Group. The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. A pre-tax discount rate of 18.57% (2018: 18.57%) was applied to all CGUs (13.00% post tax) (2018: 13.00% post tax).

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

(c) Impairment of goodwill

At 30 June 2019 management performed impairment testing for each cash generating unit (CGU) of CountPlus. Management calculated the recoverable amount of the CGUs in accordance with AASB 136: Impairment of Assets at 30 June 2019 using a pre-tax discount rate of 18.57% (30 June 2018: 18.57%). An impairment loss of $1,060,000 was recognised for the CGU relating to the CountPlus FS Holdings Pty Ltd (TFS Group) due to the sale of its separately managed account platform available on HUB24 (Privilege Managed Account). Post the impairment loss, the goodwill recognised at Group level for TFS Group is nil.

There have been no further impairments identified other than the TFS impairment loss noted above.

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

Key assumptions for this value in use calculation at 30 June 2019 were:

- Revenue growth of 3%;
- Employment expense ratio 52% – 70%;
- A pre-tax discount rate of 18.57%; and
- The long term growth rate (terminal rate) was estimated to be 2.5% p.a.

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

(d) Sensitivity to changes in assumptions

A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. The concept is used by the International Financial Reporting Standards in the determination of asset impairment.

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

For CountPlus One: The recoverable amount as determined by the value in use calculation exceeds the carrying value by $416,000.

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

- Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, an impairment of $1,308,000 would result.
- Other things being equal, if the pre-tax discount rate is increased from 18.57% to 20.00%, an impairment loss of $50,000 would result.
- If the company's employment cost margin (its single largest expense item) increases from 64% to 66% over the forecast period, an impairment loss of $29,000 would result.
- If the long term average growth rate decreases from 2.5% to 1% p.a., an impairment loss of $58,000 would result.

For 360 Financial Advantage: The recoverable amount as determined by the value in use calculation exceeds the carrying value by $1,799,000.

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

- Other things being equal, if the company's yearly revenue is 5% less than expected over the forecast period, the recoverable amount would exceed the carrying amount by $200,000.
- Other things being equal, if the pre-tax discount rate is increased from 18.57% to 20.00%, the recoverable amount would exceed the carrying value by $1,346,000.
- If the company's employment cost margin (its single largest expense item) increases from 66% to 68% over the forecast period, the recoverable amount would exceed the carrying value by $1,371,000.
- If the long term average growth rate decreases from 2.5% to 1% p.a., the recoverable amount would exceed the carrying value by $1,336,000.

For all CGUs:

Across all CGUs over the forecast period, if revenue is 10% lower than expectations, an impairment of $4,980,000 would result. Management believes that no other reasonable change in the key assumptions would cause the carrying value to materially exceed its recoverable amount.

(e) Amortisation period of intangible assets other than Goodwill

The amortisation period for the intangible assets are as follows:

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

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

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

(f) Significant accounting policy

Significant accounting judgements, estimates and assumptions

Impairment of intangible assets

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

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

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

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the entity's identified assets acquired and liabilities assumed, if this consideration transferred is lower than the fair value of the net identified assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

(ii) IT software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and / or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. IT software is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

(iii) Acquired client relationships and Adviser networks

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

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

(iv) Other intangible assets

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

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

(v) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is impaired and is written down to its recoverable amount.

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

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

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

14 Interest in Associates

(a) Details of Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2019	Percentage Owned (%) 2018
One Hood Sweeney Pty Ltd	Australia	**32.36**	32.36
Hunter Financial Planning Pty Ltd	Australia	**40.00**	40.00
OBM Financial Services Pty Ltd	Australia	**40.00**	0.00
Rundles CountPlus Pty Ltd	Australia	**40.00**	0.00
Rundles Financial Planning Pty Ltd	Australia	**20.00**	0.00

The percentage of ownership interest held is equivalent to the percentage of voting rights for all associates.

Summary of associates held during the year

One Hood Sweeney Pty Ltd

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

Hunter Financial Planning Pty Ltd

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

OBM Financial Services Pty Ltd

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

Rundles CountPlus Pty Ltd

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

Rundles Financial Planning Pty Ltd

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

(b) Associates

All associates have the same year end as the parent entity (30 June).

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

(c) Material associates

The following information is provided for associates that are material to the Consolidated entity. Figures are as per the associate's financial statements:

Name of Associate	One Hood Sweeney Pty Ltd		Hunter Financial Planning Pty Ltd		OBM Financial Services Pty Ltd		Rundles CountPlus Pty Ltd	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Summarised Consolidated Statement of Financial Position								
Current assets	**5,010**	3,621	**1,354**	514	**948**	–	**1,607**	–
Non-current assets	**6,475**	6,693	**7,069**	7,316	**315**	–	**4,084**	–
Current liabilities	**(4,074)**	(6,539)	**(760)**	(313)	**(885)**	–	**(3,035)**	–
Non-current liabilities	**(2,221)**	(148)	**(26)**	(325)	**(30)**	–	**–**	–
Net assets / equity	**5,190**	3,627	**7,637**	7,192	**348**	–	**2,656**	–
Percentage of Group's ownership	**32.36%**	32.36%	**40.00%**	40.00%	**40.00%**	0%	**40.00%**	0%
Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income								
Revenue	**20,826**	19,294	**3,196**	3,126	**2,280**	–	**751**	–
Profit for the year	**2,942**	2,580	**1,052**	614	**278**	–	**139**	–
Total comprehensive income	**2,942**	2,580	**1,052**	614	**278**	–	**139**	–
Group share of profit for the year	**952**	678	**421**	150	**111**	–	**56**	–

Associates

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

	2019 $'000	2018 $'000
One Hood Sweeney Pty Ltd		
Opening balance	**6,464**	6,305
Share of profit	**952**	835
Dividends	**(520)**	(676)
Carrying amount based on share in net assets of associate	**6,896**	6,464

	2019 $'000	2018 $'000
Hunter Financial Planning Pty Ltd		
Opening balance	**2,624**	2,619
Share of profit	**421**	245
Dividends	**(236)**	(240)
Carrying amount based on share in net assets of associate	**2,809**	2,624

	2019 $'000	2018 $'000
McQueen Financial Group Pty Ltd		
Opening balance	–	2,398
Disposal of associate	–	(2,398)
Share of profit	–	–
Dividends	–	–
Carrying amount based on share in net assets of associate	–	–

	2019 $'000	2018 $'000
Nixon Financial Services Pty Ltd		
Opening balance	–	394
Disposal of associate	–	(394)
Share of profit	–	–
Dividends	–	–
Carrying amount based on share in net assets of associate	–	–

	2019 $'000	2018 $'000
OBM Financial Services Pty Ltd		
Opening balance	–	–
Acquisition of associate	1,233	–
Share of profit	111	–
Dividends	–	–
Carrying amount based on share in net assets of associate	1,344	–

	2019 $'000	2018 $'000
Rundles CountPlus Pty Ltd		
Opening balance	–	–
Acquisition of associate	2,084	–
Share of profit	56	–
Dividends	–	–
Carrying amount based on share in net assets of associate	2,140	–

	2019 $'000	2018 $'000
Rundles Financial Planning Pty Ltd		
Opening balance	–	–
Acquisition of associate	405	–
Share of profit	13	–
Dividends	–	–
Carrying amount based on share in net assets of associate	418	–
Total carrying value of investments in associates as at 30 June	13,607	9,088

The associates had no contingent liabilities or capital commitments as at 30 June 2019 or 30 June 2018.

15 Trade and other payables

(a) Current payables

	2019 $'000	2018 $'000
Trade payables	**1,027**	985
GST payable	**1,350**	1,497
Sundry payables and accrued expenses	**2,786**	2,526
Other payables	**622**	106
	5,785	5,114

(b) Non-current payables

	2019 $'000	2018 $'000
Other payables	**108**	75

16 Interest bearing loans and borrowings

(a) Current interest-bearing loans and borrowings

	2019 $'000	2018 $'000
Secured		
Hire purchase liabilities	**12**	20
Other loans	**515**	153
Total current loans and borrowings	**527**	173

	2019 $'000	2018 $'000
Overdraft facility	**5,000**	5,000
Banker's undertaking (Lease guarantees)	**(683)**	(549)
Available at balance sheet date	**4,317**	4,451

A guarantee of the facility is provided by the parent.

There are no restrictions placed upon the borrower by entering into the transactions above. Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 35.

(b) Non-current interest-bearing loans and borrowings

	2019 $'000	2018 $'000
Secured		
Bank loans – funding facility and other loans	**1,228**	1,850
Total secured non-current loans and borrowings	**1,228**	1,850

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2019 $'000	2018 $'000
Bilateral funding facility	**24,000**	22,000
Total facilities	**24,000**	22,000
Used at balance date	**(1,755)**	(2,023)
Unused at balance date	**22,245**	19,977

The interest-bearing loans and borrowings balance are $1,755,000 (Non-current: $1,228,000 Current: $527,000) (2018: Non-current: $1,850,000 Current: $153,000) borrowings from Westpac Bank.

There are currently three lines of credit with Westpac Bank.

CountPlus Limited have a revolving line of credit with Westpac Bank, the limit is currently $20,000,000 (2018: $20,000,000) and is charged with a variable rate. This five-year facility with Westpac started on 1 December 2017. The rate is determined with reference to the Bank Bill Swap Bid Rate (BBSY). Reference Rates are published in the Australian Financial Review plus a margin. A guarantee and charge as security for the facility is provided by CountPlus.

Kidmans Partners Pty Ltd have a bank loan with Westpac Bank, the limit is $2,000,000 repayable over 10 years. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by Kidmans Partners Pty Ltd.

The MBA Partnership Pty Ltd have a bank loan with Westpac Bank, the limit is $2,000,000 repayable over three years. In addition, there is a line fee on this facility. A guarantee and charge as security for the facility is provided by The MBA Partnership Pty Ltd.

(d) Defaults and breaches

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

(e) Significant accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent whereby there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(f) Changes in liabilities arising from financing activities

			Non-cash changes		
	2018 $'000	Cash flow $'000	Reclassification to short term $'000	Other changes $'000	2019 $'000
Long term borrowings	1,850	**(107)**	**(515)**	–	**1,228**
Short term borrowings	153	**(153)**	**515**	–	**515**
Hire purchase short term liabilities	20	**(8)**	–	–	**12**
Total liabilities from financing activities	2,023	**(268)**	–	–	**1,755**

17 Other liabilities and contract liabilities

(a) Other current liabilities

	2019 $'000	2018 $'000
Deferred cash consideration for acquisition of business combination / subsidiaries*	**340**	364
Other current liabilities	**43**	104
	383	468

* Deferred cash and equity consideration for acquisition relates to the acquisitions and investments made by the subsidiaries. Refer to note 30 for further information on Business combinations.

(b) Movements in deferred cash consideration for acquisition of subsidiaries

	Deferred consideration for acquisition of subsidiaries $'000
Current	
At 1 July 2018	364
Arising during the year	346
Payment made during the year	(370)
Total current	**340**
Non-current	
At 1 July 2018	–
Arising during the year	108
Total non-current	**108**
Total	**448**
2019	
Current	340
Non-current	108
Total	**448**
2018	
Current	364
Non-current	–
Total	**364**

(c) Other non-current liabilities

	2019 $'000	2018 $'000
Deferred cash consideration for acquisition of business combination	**108**	–
Security deposits and bonds	**60**	61
Lease make good provision	**433**	523
	601	584

Movements in other non-current liabilities

Movements in each category of other non-current liabilities during the financial year, are set out below:

	Deferred cash consideration for acquisition of subsidiaries $'000	Security Deposits and Bonds $'000	Lease make good provision $'000	Total $'000
At 1 July 2018	–	61	523	584
Acquisition of business combination / subsidiary	108	–	–	108
Payment / adjustment during the year	–	(1)	(90)	(91)
At 30 June 2019	**108**	**60**	**433**	**601**

(d) Contract liabilities

	2019 $'000	2018 $'000
Contract liabilities	**916**	487

Reconciliation

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

	2019 $'000	2018 $'000
Opening balance	**487**	441
Payments received in advance	**2,024**	1,516
Transfer to revenue – included in opening balance	**(487)**	(434)
Transfer to revenue other balances	**(1,108)**	(1,036)
Closing balance	**916**	487

(d) Significant accounting policy

Other non-current liabilities

Significant accounting judgements, estimates and assumptions

Some acquisitions involve the payment of deferred consideration to vendors. This consideration is determined based on a multiple of actual earnings over a fixed period and is dependent on revenue or client retention. Consideration payable to the vendors in relation to acquisitions is recognised at fair value based on expected financial performance over the applicable future financial years. The component of deferred consideration not expected to be settled within 12 months after the end of the reporting period is measured as the present value of expected future payments to be made in respect of this deferred consideration, using a risk adjusted discount rate.

18 Provisions

(a) Current provisions

	2019 $'000	2018 $'000
Employee benefits – annual leave	**2,200**	2,081
Employee benefits – long service leave	**2,253**	2,245
Remediation provision	**51**	85
Bonus provision	**543**	308
Other provision	**5**	–
	5,052	4,719

(b) Non-current provisions

	2019 $'000	2018 $'000
Employee benefits – long service leave	**1,130**	1,019
	1,130	1,019

(c) Significant accounting policy

Significant accounting judgements, estimates and assumptions

Employee benefits

Further disclosures relating to Key Management Personnel are set out in the remuneration report which starts on page 24 of the Directors' Report.

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short term employee benefit obligations are presented as payables and as provisions.

(ii) Other long term employee benefit obligations

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

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

(iii) Provisions

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

19 Contributed equity

(a) Share capital

	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Fully paid – ordinary shares	**114,222,559**	114,222,559	**125,219**	125,219
Treasury shares – Issued capital held by loan funded share plan (LFSP)	**(3,813,807)**	(3,813,807)	**(4,983)**	(4,983)
Capital contribution	**–**	–	**1,968**	1,968
ASX listing cost	**–**	–	**(586)**	(586)
Loan funded share plan establishment costs	**–**	–	**(35)**	(35)
	110,408,752	110,408,752	**121,583**	121,583

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price $	$'000
1 July 2016	Opening balance	114,136,787		125,149
21 November 2016	Shares issued for employee share plan	85,772	0.82	70
30 June 2017	Closing balance	114,222,559		125,219
30 June 2018	Closing balance	114,222,559		125,219
30 June 2019	Closing balance	114,222,559		125,219

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Employee share scheme

The Group has an equity scheme, under which an entitlement to loan funded shares are granted to certain employees. For further disclosure on the Group's share plans, refer to note 34.

(e) Capital risk management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management monitors the capital structure to ensure that the Group is positioned to take advantage of favourable costs of capital or higher expected returns on assets. The Group currently has a facility of $20,000,000, with the Westpac Bank, which has not been drawn as at 30 June 2019. The Group has an overdraft facility of $5,000,000 which was drawn down by lease guarantees of $683,000 at 30 June 2019. In addition, there are two bank loans in Partner firms totalling $4,000,000 which have been drawn down by $1,755,000. Future acquisitions and investments will be funded from existing and future cash flows as well as funds received under the Group's Owner, Driver – Partner model.

In the long term, the Group expects to maintain a dividend payout ratio of between 40% and 70% of maintainable net profit after tax and minority interests, subject to market conditions and Group performance. The Group is not subject to any externally imposed capital requirements.

(f) Significant accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

20 Reserves

(a) Reserves

	2019 $'000	2018 $'000
Acquisition reserve	**(48,548)**	(52,857)
Share based payment reserve	**1,486**	1,494
	(47,062)	(51,363)

(b) Movements in reserves

	2019 $'000	2018 $'000
Acquisition reserve		
At 1 July	**(52,857)**	(66,000)
Effect on reserves on account of OD-P	**–**	835
Transfer to accumulated losses	**4,309**	12,308
At 30 June	**(48,548)**	(52,857)
Share based payment reserve		
At 1 July	**1,494**	1,434
Share based payment for loan funded share plan	**–**	60
Share based payments for long term incentive plan	**(8)**	–
At 30 June	**1,486**	1,494
Total reserves	**(47,062)**	(51,363)

(c) Nature and purpose of reserves

(i) Acquisition reserve

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

(ii) Share based payment reserve

The share-based payments reserve records the value of shares issued to employee share trust on behalf of employees under the loan funded share plan and the value of dividends on those shares applied to the balance of employee loans under the plan.

In addition, the reserve is used to recognise the value of equity benefits provided to the Chief Executive Officer and other Key Management Personnel as part of their remuneration for the long term incentive plan. For further details see the remuneration report on pages 24 to 33.

21 Accumulated losses

	2019 $'000	2018 $'000
At 1 July	**(15,439)**	(2,955)
Net profit / (loss) for the year	**1,635**	(176)
Transfers in	**(3,350)**	(12,308)
Dividends paid	**(2,258)**	–
At 30 June	**(19,412)**	(15,439)

22 Discontinued operations and current assets and liabilities included in disposal group held for sale

The amounts presented in the Statement of Profit or Loss and Other Comprehensive Income in the comparative period, under discontinued operations relate to Kidmans PEC Pty Ltd (PEC Group). The sale was finalised at the end of February 2018 and total consideration less costs to sell amounted to $3,445,000. Consequently, assets and liabilities allocable to PEC Group and subsidiaries were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (loss for the year from discontinued operations).

(a) Loss for the year from discontinued operations

	2019 $'000	2018 $'000
Profit from operations before income tax	–	1,027
Tax	–	(98)
Net profit from operations after income tax	–	929
Loss on remeasurement to fair value less costs to sell	–	(2,500)
Income tax benefit on sale	–	106
Total	–	(2,394)
Loss for the year from discontinued operations	–	(1,465)

23 Non-controlling interest

Non-controlling interest

Reconciliation of non-controlling interest in controlled entities

	2019 $'000	2018 $'000
Reconciliation of non-controlling interest in controlled entities		
At 1 July	**6,007**	3,688
Additional capital bought back from / issued to non-controlling interest (NCI) during the year	**(161)**	(346)
Disposals	–	(294)
Value attributed to non-controlling interest on implementation of Owner, Driver – Partner model	–	2,601
Share of net profit	**1,321**	1,023
Dividends paid by subsidiaries to non-controlling interests	**(935)**	(665)
At 30 June	**6,232**	6,007

	2019 $'000	2018 $'000
The MBA Partnership Pty Ltd		
The proportion of ownership interests (and voting rights) held by NCI	**40.00%**	40.00%
Opening NCI at 1 July	**1,917**	1,732
Additions	**–**	–
Disposals	**–**	–
The profit allocated to NCI for the period	**585**	667
Dividends paid	**(404)**	(482)
Closing NCI at 30 June	**2,098**	1,917
Specialised Business Solutions Pty Ltd		
The proportion of ownership interests (and voting rights) held by NCI	**38.70%**	38.70%
Opening NCI at 1 July	**778**	1,114
Additions	**–**	–
Disposals	**–**	(346)
The profit allocated to NCI for the period	**93**	155
Dividends paid	**(108)**	(145)
Closing NCI at 30 June	**763**	778
Kidmans Partners Pty Ltd		
The proportion of ownership interests (and voting rights) held by NCI	**32.81%**	36.96%
Opening NCI at 1 July	**1,076**	842
Additions	**–**	378
Disposals	**(161)**	(294)
The profit allocated to NCI for the period	**279**	150
Dividends paid	**(128)**	–
Closing NCI at 30 June	**1,066**	1,076
Robson Partners Pty Ltd		
The proportion of ownership interests (and voting rights) held by NCI	**30.00%**	30.00%
Opening NCI at 1 July	**1,211**	–
Additions	**–**	1,170
Disposals	**–**	–
The profit allocated to NCI for the period	**191**	41
Dividends paid	**(137)**	–
Closing NCI at 30 June	**1,265**	1,211
Mogg Osborne Pty Ltd		
The proportion of ownership interests (and voting rights) held by NCI	**35.00%**	35.00%
Opening NCI at 1 July	**1,025**	–
Additions	**–**	1,053
Disposals	**–**	–
The profit allocated to NCI for the period	**173**	10
Dividends paid	**(158)**	(38)
Closing NCI at 30 June	**1,040**	1,025
Total NCI at 30 June	**6,232**	**6,007**

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

	2019 $'000	2018 $'000
The MBA Partnership Pty Ltd		
Assets	**10,488**	9,966
Liabilities	**3,496**	3,376
Revenue	**10,126**	10,212
Net profit	**1,284**	1,366
Specialised Business Solutions Pty Ltd		
Assets	**5,103**	5,102
Liabilities	**403**	398
Revenue	**1,696**	1,889
Net profit	**276**	361
Kidmans Partners Pty Ltd		
Assets	**8,639**	9,291
Liabilities	**2,385**	3,526
Revenue	**7,575**	7,393
Net profit	**880**	215
Robson Partners Pty Ltd		
Assets	**4,921**	4,594
Liabilities	**698**	563
Revenue	**3,956**	3,154
Net profit	**648**	475
Mogg Osborne Pty Ltd		
Assets	**5,031**	4,996
Liabilities	**1,058**	1,077
Revenue	**4,495**	4,531
Net profit	**506**	429

24 Dividends

(a) Dividends paid or proposed during the year on ordinary shares declared in current period

	2019 $'000	2018 $'000
Dividends paid during the year		
Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended	**1,129**	–
Full year dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended	**1,129**	–
Dividends proposed and recognised as liability		
Final dividend fully franked based on tax paid @ 30%, ordinary dividend for the year	**–**	–
Total dividends paid or provided for during the year	**2,258**	–

(b) Franking account balance

	2019 $'000	2018 $'000
The franking credits available for subsequent financial years at a tax rate of 30%	**6,660**	6,452

The above available balance is based on the dividend franking account as at year end of reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period.

25 Remuneration of Auditors

	2019 $	2018 $
Grant Thornton		
Audit services		
Audit and review of financial reports	**320,250**	384,000
Non-audit services		
Taxation services including tax due diligence	**92,000**	–
Financial due diligence	**259,000**	–
Other advisory services*	**383,898**	–
Total remuneration for audit and other services	**1,055,148**	384,000
Total remuneration of Grant Thornton	**1,055,148**	384,000

* Other advisory services comprises of transaction advisory and governance due diligence.

26 Contingencies

(a) Contingent liabilities

Guarantees

Guarantees given in respect of leases and premises amounted to $683,000 (2018: $637,000) for the Group. No material losses are anticipated in respect of this guarantees.

(b) Contingent assets

The Group has no contingent assets as at 30 June 2019 (2018: $102,000).

27 Commitments

(a) Capital commitments

The Group has no capital commitments as at 30 June 2019 (2018: nil).

(b) Lease commitments

(i) Operating leases

The Group has entered into commercial property leases for various offices under non-cancellable lease contracts. These leases are expiring at different times up to nine years from the reporting date. The leases are subject to different terms and conditions and rent renewals. The Group also leases various office equipment under non-cancellable operating leases.

	2019 $'000	2018 $'000
Minimum lease payments under non-cancellable operating leases:		
Within one year	**2,688**	3,503
Between one and five years	**4,295**	5,959
Later than five years	**928**	1,572
	7,911	11,034

(ii) Finance leases

As at the reporting date, the Group has no material finance lease liabilities (2018: nil).

(c) Significant accounting policy

Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(d) Hire purchase commitments

The Group leases various office equipment, motor vehicles and leasehold improvements under hire purchase arrangements. The future commitments under these categories are as follows:

	2019 $'000	2018 $'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	**8**	7
Between one and five years	**4**	8
Minimum payments	**12**	15
Future finance charges	**–**	–
Total liabilities	**12**	15

28 Related party transactions

(a) Parent entities

The parent entity within the Group is CountPlus Limited.

Count Financial Limited has an ownership interest in CountPlus Limited of 35.85% as at 30 June 2019 (2018: 35.85%). Count Financial Limited is currently fully owned by the Commonwealth Bank of Australia. Colonial First State Group Limited, a subsidiary of the Commonwealth Bank of Australia, took transfer of the 35.85% interest in CountPlus Limited on 29 August 2019.

(b) Subsidiaries

The Group consists of the parent and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 29. Transactions between the parent and its subsidiaries during the year consisted of:

- the loans advanced by the parent to subsidiaries;
- the payment of dividends to the parent by subsidiaries; and
- the remittance of profits to the parent by subsidiaries.

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

(c) Key Management Personnel

	2019 $'000	2018 $'000
Short term employee benefits	**1,879,946**	1,302,422
Post-employment benefits	**102,771**	67,789
Long term benefits	–	1,134
Share-based payments	**24,653**	13,694
	2,007,370	1,385,039

Further disclosures relating to the Key Management Personnel are set out in the Directors' report on pages 28 to 29.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2019 $'000	2018 $'000
Sales of goods and services		
Net fees and commissions received from Count Financial	**11,402**	13,313

Thirteen of the fourteen subsidiaries, and one of the associates of the Group were franchisees of Count Financial during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial is income received by CountPlus Limited under a 'Relationship Deed' agreement.

CountPlus Limited entered into a 'Relationship Deed' agreement with Count Financial on 4 November 2010. Count Financial granted CountPlus 'Most Favoured Nation Status' (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the CountPlus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other member of the Count Group. Count will pay CountPlus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of CountPlus FUM with that Platform Provider. Count will pay CountPlus 50% of any revenue received from an Asset Financier in relation to Asset Financing for CountPlus' clients, customers and associates. CountPlus received fees and commissions of $1,200,000 (2018: $1,280,000) from Count Financial in accordance with the terms set out in the Relationship Deed. On 22 December 2015, an amendment to the 'relationship Deed' was signed. The purpose of this amendment was to clarify and ensure compliance with the FOFA provisions set out in the Corporations Act.

	2019 $'000	2018 $'000
Premises expenses [1]		
Catalyst Finance Pty Ltd [2]	**255**	206
The Southport Unit Trust [3]	**317**	345
Rosebead Pty Ltd[4]	**61**	59
Brinfields Superannuation Fund	**–**	38
Mark & Bronwyn Kenmir Superannuation Fund [5]	**29**	28
Bronwyn Kenmir [6]	**43**	40
Cummings and West Super Fund [7]	**37**	63
	742	779

1. Premises expenses with related parties are set and maintained at commercial rates, with reviews carried out per the terms of standard contracts.
2. Catalyst Finance Pty Ltd is an unlisted entity controlled by Mr D Glover, Mr C Bartlett and Ms J Beverley. Mr D Glover, Mr C Bartlett and Ms J Beverley are also the principals of Evolution Advisers Pty Ltd, a wholly owned subsidiary of the parent entity.
3. Mr M Beddoes and Mr G Missen are directors of MBA Bookkeeping Pty Ltd, the trustee for the Southport Unit Trust. Both Mr M Beddoes and Mr G Missen are principals of The MBA Partnership Pty Ltd, a 60% owned subsidiary of the parent entity.
4. Rosebead Pty Ltd is an unlisted entity and the trustee for the Muttama Superannuation Fund. Mr M Twomey, Mr G Twomey, Ms R Twomey, and Ms M Twomey are joint beneficiaries of the Muttama Superannuation Fund. Mr M Twomey is a principal of Twomeys Pty Ltd, a wholly owned subsidiary of the parent entity. Mr G Twomey and Ms M Twomey are employees of Twomeys Pty Ltd.
5. The Mark and Bronwyn Kenmir Superannuation Fund is the SMSF of Mr Mark Kenmir, the principal of Cooma Accounting and Financial Services Pty Ltd.
6. Ms Bronwyn Kenmir is wife of Mr Mark Kenmir, the principal of subsidiary, Cooma Accounting and Financial Services Pty Ltd.
7. Cummings and West Super Fund is an unlisted entity controlled by Ms Julie West. Ms Julie West is a principal and part owner of subsidiary The MBA Partnership (NSW) Pty Ltd.

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2019 $'000	2018 $'000
Current receivables		
Receivable from Count Financial Limited	**228**	229

29 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 30.

Name of entity	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2019	Percentage Owned (%)* 2018
1. The MBA Partnership Pty Ltd*	Australia	**60.00**	60.00
▸ Digital O2 Pty Ltd	Australia	**100.00**	100.00
▸ MBA Financial Services (Rawsons) Pty Ltd	Australia	**70.00**	70.00
▸ The MBA Partnership (NSW) Pty Ltd	Australia	**51.00**	51.00
2. Twomeys Pty Ltd*	Australia	**100.00**	100.00
3. Bentleys (WA) Pty Ltd*	Australia	**100.00**	100.00
▸ Bentleys Advisory (WA) Pty Ltd	Australia	**100.00**	0.00
▸ Bentleys Corporate Finance (WA) Pty Ltd	Australia	**100.00**	0.00
▸ Australian Superannuation & Compliance Pty Ltd	Australia	**100.00**	100.00
4. Addvantage Financial Freedom Pty Ltd*	Australia	**100.00**	100.00
▸ Addvantage Accountants Pty Ltd	Australia	**100.00**	100.00
▸ Cooma Accounting and Financial Services Pty Ltd	Australia	**100.00**	100.00
▸ Beams & Associates Pty Ltd	Australia	**100.00**	100.00
5. Specialised Business Solutions Pty Ltd*	Australia	**61.28**	61.28
6. Mogg Osborne Pty Ltd*	Australia	**65.00**	65.00
7. Crosby Dalwood Pty Ltd*	Australia	**100.00**	100.00
8. Cooper Reeves Pty Ltd*	Australia	**100.00**	100.00
9. CountPlus One Pty Ltd*	Australia	**100.00**	100.00
10. Evolution Advisers Pty Ltd*	Australia	**100.00**	100.00
11. Robson Partners Pty Ltd*	Australia	**70.00**	70.00
12. Kidmans Partners Pty Ltd*	Australia	**67.19**	63.04
13. 360 Financial Advantage Pty Ltd*	Australia	**100.00**	100.00
14. CountPlus FS Holdings Pty Ltd (TFS Group)*	Australia	**100.00**	100.00
▸ Total Financial Solutions Australia Ltd	Australia	**100.00**	100.00
▸ TFS Operations Pty Ltd	Australia	**100.00**	100.00
▸ TFS Advice Pty Ltd	Australia	**100.00**	100.00
15. Kidmans PEC Pty Ltd	Australia	**100.00**	100.00
16. BLUE789 Pty Ltd	Australia	**100.00**	100.00
17. ADVICE389 Pty Ltd	Australia	**100.00**	100.00

* These subsidiaries are separate cash generating units.

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

(a) Significant restrictions relating to subsidiaries

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

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

(b) Consolidated structured entities

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

30 Business combinations

(a) Significant accounting policy

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Business combinations are initially accounted for on a provisional basis until either the earlier of (i) 12 months from the date of acquisition or (ii) the finalisation of fair value. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The Group has measured the non-controlling interest at the acquiree's share of the identifiable net assets. Accordingly, goodwill arising on consolidation represents only CountPlus' proportionate share of goodwill at the date of acquisition. Key factors contributing to goodwill are synergies existing within the acquired businesses, superior management and superior service offerings. None of the goodwill recognised is expected to be deductible for tax purposes.

Contingent consideration is classified as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(b) Current period

Summary of acquisitions

On 1 April 2019, CountPlus subsidiary 360 Financial Advantage Pty Ltd acquired 100% of the business assets of Kerry Albert & Co. A cash consideration of $757,075 was paid on settlement. The total consideration for the acquisition is $1,205,360.

	Kerry Albert & Co Fair value $'000
Contribution since acquisition	
Revenue	249
Net profit	37
Net assets acquired	
Acquired client relationships	442
Goodwill arising on acquisition	763
	1,205
Acquisition date fair value	
Cash paid	757
Contingent cash consideration	448
Total consideration	**1,205**

(c) Contribution of entities acquired during the period

The above listed acquisition made during financial year 2019 contributed revenue of $249,000 and a net profit of $37,000 respectively, to the Consolidated Profit or Loss and Statement of Other Comprehensive Income. Had the acquisition occurred at the beginning of the reporting period, the Consolidated Profit or Loss and Statement of Other Comprehensive Income would have included revenue and net profit of approximately $996,000 and $148,000 respectively.

(d) After the reporting period

Other than the acquisition of Count Financial Limited, as disclosed in note 31, no business combinations were completed after the end of the reporting period. In instances where this does happen, during the measurement period, these acquisitions will be provisionally accounted for until purchase price accounting is finalised, at which point the financial effects of these business combinations will be fully disclosed.

31 Events occurring after the reporting date

On 13 June 2019, CountPlus Limited, together with a special purpose subsidiary of a discretionary trust established by CountPlus for benefit of Count member firms (CMFT), entered into an agreement to acquire Count Financial Limited (Count Financial). CountPlus will hold 85% and CMFT will hold 15% of Count Financial. The transaction was approved by shareholders on 6 August 2019 and will complete on 1 October 2019, which will be the date on which CountPlus obtains control of Count Financial.

No matter or circumstance has arisen since 30 June 2019 other than the Count Financial transaction and the final dividend for the financial year 2019 which was approved by the Board after financial year end 30 June 2019, that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or consolidated entity;

(b) the results of those operations in future financial years; or

(c) the Group's state of affairs in future financial years. Other than the following:

On 26 August 2019, the Directors resolved to declare a full year final dividend for FY19 of 1 cent (fully franked) to be paid on 16 October 2019 (Record date 27 September 2019).

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

	2019 $'000	2018 $'000
Net profit from operations after income tax for the year	**2,956**	847
Non-cash items in profit		
Depreciation and amortisation	**2,287**	2,912
TFS write back of provision	**–**	(729)
Gain on disposal of product	**(1,000)**	–
Share based payments	**(8)**	60
(Reversal) of impairment / impairment of receivables	**(103)**	333
Loss on disposal of Kidmans PEC Pty Ltd	**–**	2,394
Gain on deferred consideration	**–**	(271)
Investment Income	**–**	(2,225)
Share of associates net profit	**(1,553)**	(828)
Net (gain) / loss on disposal of assets	**(99)**	36
Make good provision	**(91)**	–
Impairment of goodwill	**1,060**	4,700
Gain on revaluation of Class Limited shares	**–**	(33)
Changes in operating assets and liabilities		
Decrease in trade and other receivables	**57**	9,027
Decrease in contract assets	**818**	23
Increase / (Decrease) in trade and other payables	**1,078**	(7,987)
Decrease in income taxes payable	**395**	92
Decreases in net deferred taxes liabilities	**(292)**	(2,030)
Decrease / (Increase) in employee and other provisions	**444**	(1,527)
Net cash inflow from operating activities	**5,949**	4,794
Add net cash inflow from operating activities from discontinued operations	**–**	259
Net cash inflow from operating activities from continuing operations	**5,949**	5,053

33 Earnings per share

(a) Earnings per share

	2019 Cents	2018 Cents
Basic and diluted earnings / (loss) per share		
From continuing operations attributable to the ordinary owners of the Group	**1.48**	1.17
From discontinued operations	–	(1.33)
Total basic and diluted earnings / (loss) per share attributable to the owners of the Group	**1.48**	(0.16)

(b) Reconciliation of earnings to profit or loss from continuing operations and discontinued operations

	2019 $'000	2018 $'000
Profit from continuing operations	**2,956**	2,312
Profit attributable to non-controlling equity interest in respect of continuing operations	**(1,321)**	(1,023)
Earnings used to calculate basic and diluted EPS from continuing operations	**1,635**	1,289

	2019 $'000	2018 $'000
Loss from discontinued operations	–	(1,465)
Loss attributable to non-controlling equity interest in respect of continuing operations	–	–
Loss used to calculate basic and diluted EPS from discontinued operations	–	(1,465)

(c) Earnings used to calculate earnings per share

	2019 $'000	2018 $'000
Profit / (loss) attributable to the ordinary owners of the Group used in calculating basic and diluted EPS	**1,635**	(176)

(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2019 Number	2018 Number
Number of ordinary shares outstanding	**114,222,559**	114,222,559
Loan funded share plan	**(3,813,807)**	(3,813,807)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	**110,408,752**	110,408,752

(e) Significant accounting policy

Basic earnings per share is calculated by dividing

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

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

34 Share plans

(a) Loan funded share plan

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

A summary of the Group shares issued up to the year ended 30 June 2019 are as follows:

Description	Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited	Expired	Balance at end of the year	Vested and exercisable at end of the year
LFSP 2013	15 January 2013	14 January 2016	1.50	486,889	–	–	–	(486,889)	–	–
LFSP 2014	15 January 2014	14 January 2017	1.87	693,017	–	–	–	(693,017)	–	–
LFSP 2015	2 March 2015	1 March 2018	1.12	1,789,044	–	–	–	(1,789,044)	–	–
LFSP 2016	21 December 2015	20 December 2018	0.95	69,168	–	–	(69,168)	–	–	–
LFSP 2017	16 November 2016	15 November 2019	0.82	80,773	–	–	(80,773)	–	–	–

(b) Employee loyalty equity plan

During the 2019 and 2018 financial year no shares were issued under the employee loyalty equity share plan.

(c) Long term incentive plan

The long term incentive plans are set out on pages 31 to 33 of this report.

35 Financial Risk Management

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

The main risks arising from the Group's financial instruments (financial assets and liabilities) are market risk (including price risk and interest rate risk), liquidity risk and credit risk. The Group has not entered into any derivative contracts as means to hedge against these risks.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

(i) Price risk

During the prior financial year, the Group disposed of its remaining equity securities in Class Limited on 5 September 2017. The Group has no further price risk exposure following the sale of these securities.

(ii) Interest rate risk

The Group's risk exposure to changes in market interest rates relates primarily to long term borrowings under a variable rate arrangement.

In December 2017, CountPlus entered into a variable rate, 5-year revolving line of credit facility with a limit of $20,000,000. As at reporting date, $20,000,000 of the facility remains undrawn. In addition, there are two bank loans in Partner firms totalling $4,000,000 which have been drawn down in total by $1,755,000. The Group has an overdraft facility of $5,000,000 which was drawn down by lease guarantees of $683,000 at 30 June 2019. These facilities are with the Westpac Bank. The Group has not entered into any hedging or other contracts to mitigate this risk.

Lease liabilities and hire purchase liabilities are guaranteed or indemnified by the relevant Directors, the subsidiary or CountPlus Limited. The Group's borrowings are backed with guarantees.

At 30 June 2019, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2019 $'000	2018 $'000
Change in profit		
+1% (100 basis points)	**(40)**	(65)
–1% (100 basis points)	**40**	65

(b) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its investing and financing activities (primarily, investment in associates, other investments and guarantees held by financial institutions, as disclosed in notes 14 and 26 respectively).

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

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

Acquisitions are undertaken only with approved counterparties after undertaking and extensive due diligence process. The investment decisions are reviewed by the Group's acquisition committee and Board of Directors. The Group's maximum exposure to credit risk is the carrying amount of these investments, as indicated in the consolidated statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its debt obligations, or other cash outflows, as they fall due because of lack of liquid assets or access to adequate funding on acceptable terms. The Group monitors its liquidity position on a regular basis to ensure that there is adequacy to meeting obligations.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of each reporting period:

	2019 $'000	2018 $'000
Floating rate		
Expiring within one year	**–**	–
Expiring beyond one year	**26,562**	28,803
Total	**26,562**	28,803

36 Fair Value Measurement

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data. The fair value of the financial instruments held by the Group are summarised in the table below.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2019				
Financial liabilities				
Contingent cash consideration	–	–	**(448)**	**(448)**
Total	–	–	**(448)**	**(448)**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2018				
Financial liabilities				
Contingent cash consideration	–	–	(364)	(364)
Total	–	–	(364)	(364)

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

Fair value of other investments held at fair value through profit and loss is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred on 30 June 2019, excluding new issue of shares. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

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

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

The maximum potential payment for deferred consideration is $448,000 (2018: $364,000).

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

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2019 $'000
Balance at beginning of year	**(364)**
Total gains or losses for the year	
Gain on deferred consideration recognised in profit or loss	–
Other movements	
Additions to deferred cash & equity consideration for acquisitions of assets during the year	**(448)**
Adjustments	**(6)**
Cash paid for settlement of deferred cash consideration	**370**
Balance at end of year	**(448)**

37 Parent entity

(a) Summary financial information

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

	2019 $'000	2018 $'000
Statement of Financial Position		
Current assets	**4,352**	6,465
Non-current assets	**55,350**	52,928
Total assets	**59,702**	59,393
Current liabilities	**(1,191)**	(993)
Non-current liabilities	**(26)**	(113)
Total liabilities	**(1,217)**	(1,106)
Net assets	**58,485**	58,287
Equity		
Contributed equity	**126,552**	126,552
Share based payment reserve	**1,486**	1,494
Accumulated losses	**(69,553)**	(69,759)
	58,485	58,287
Statement of Profit or Loss and Other Comprehensive Income		
Loss for the year	**(2,491)**	(32,242)
Total Comprehensive Loss	**(2,491)**	(32,242)

(b) Guarantees entered into by parent entity

The parent entity has not provided any financial guarantees in respect of bank overdrafts or loans of subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

(d) Contractual commitments for acquisition of property, plant and equipment

The parent entity did not have any commitments as at 30 June 2019 or 30 June 2018.

(e) Parent entity financial information

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

(i) Investments in subsidiaries, associates and joint venture entities

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

(ii) Tax consolidation legislation

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

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

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

The Group currently has banking facilities with Westpac Bank. These comprise a $5,000,000 revolving line of credit facility and a $20,000,000 Bank Bill Business Loan. These were undrawn at year end except for the bank undertaking for property leases of $683,000. A subsidiary of CountPlus Limited, Kidmans Partners Pty Ltd currently has a bank loan of $2,000,000 with Westpac Bank. The MBA Partnership Pty Ltd currently has a bank loan of $2,000,000, with Westpac Bank. These two loans were drawn down by $1,755,000 in total at 30 June 2019.

(iv) Share based payments

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

38 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The result may be different from the estimated amounts.

The estimates and assumptions that have a significant risk of causing a material misstatement which would result in an adjustment to the carrying amounts in the Statement of Financial Position are as follows:

(a) Impairment

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

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

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

(b) Allowance for expected credit losses of receivables

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

(c) Allowance for expected credit losses of contract assets

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

(d) Provision for make good

A provision has been made for the present value of anticipated costs of future restoration of various leased office premises. The provision includes future cost estimates associated with refurbishment to restore the leased premises to their original conditions. Provision recognised for each office is measured at management's best estimate of the expenditures where it is probable that an outflow of resources will be required. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

(e) Contingent consideration

Some acquisitions involve the payment of contingent consideration to vendors. This consideration is determined based on a multiple of actual earnings over a fixed period and is dependent on revenue or client retention. Consideration payable to the vendors in relation to acquisitions is recognised at fair value based on expected financial performance over the applicable future financial years. The component of contingent consideration not expected to be settled within 12 months after the end of the reporting period is measured as the present value of expected future payments to be made in respect of this contingent consideration, using a risk adjusted discount rate.

(f) Loan funded share plan

Loan funded shares are assessed as substantively like options for the purposes of valuation as the loan is non-recourse and the shares are subject to vesting conditions. None of these shares are due to vest for the 2013–2017 loan funded share plan as the vesting conditions have not been met.

(g) Deferred taxes

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

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

1. In the opinion of the Directors of CountPlus Limited:
   a. The consolidated financial statements and notes of CountPlus Limited are in accordance with the Corporations Act 2001, including
      i. Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
   b. There are reasonable grounds to believe that CountPlus Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

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

Ray Kellerman
Chairman
Sydney
6 September 2019

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Sydney NSW 2000

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Independent Auditor's Report

To the Members of CountPlus Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of CountPlus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of intangible assets (Note 13)	
As at 30 June 2019, the Group's intangible assets of $33,173,000 consist of goodwill, acquired client relationships/advisor networks, IT software and other intangible assets. An impairment expense of $1,060,000 has been recognised during the year. AASB 136: *Impairment of Assets* requires that, for the purposes of impairment testing, goodwill acquired in a business combination be allocated to each of the Group's cash-generating units (CGU). Each CGU to which goodwill has been allocated must be tested for impairment annually. Management have assessed that the group has 14 CGUs, and has allocated the goodwill and other intangible assets to each of these CGUs. Management have tested the CGUs for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were determined using value-in-use models. We have determined this is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of their processes and controls related to the assessment of impairment, including identification of CGUs and the calculation of the recoverable amount for each CGU; • Obtaining management's value in use calculations to: - Test the mathematical accuracy; - Evaluate management's ability to perform accurate estimates by comparing historical forecasting to actual results; - Test forecast cash inflows and outflows to be derived by the CGUs' assets; and - Agree discount rates applied to forecast future cash flows; • Evaluating the value in use models against the requirements of AASB 136, including consultation with our valuations experts; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation; and • Assessing the adequacy of financial report disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.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 24 to 33 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of CountPlus Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 6 September 2019

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of shares as at 31 August 2019 are:

	Listed Ordinary Shares – Fully Paid	
	Number of Holders	Number of Shares
1 – 1,000	426	257,934
1,001 – 5,000	728	1,999,914
5,001 – 10,000	344	2,734,123
10,001 – 100,000	590	17,851,379
100,001 – and over	101	91,379,209
Total	**2,189**	**114,222,559**

Holding less than a marketable parcel – 110 holders.

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 31 August 2019 are:

	Listed Ordinary Shares – Fully Paid	
	Number of Shares	Percentage
1. Colonial First State Group Limited	40,945,747	35.85
2. J P Morgan Nominees Australia Pty Limited	4,407,421	3.86
3. HSBC Custody Nominees (Australia) Limited	4,351,860	3.81
4. Pacific Custodians Pty Limited (Employee Share Tst A/C)	3,813,807	3.34
5. Mr Barry Martin Lambert	3,300,000	2.89
6. Citicorp Nominees Pty Limited	3,022,928	2.65
7. National Nominees Limited	2,369,252	2.07
8. Santos L Helper Pty Ltd (SBS Van Paassen A/C)	2,100,000	1.84
9. Mrs Joy Wilma Lillian Lambert	1,333,333	1.17
10. Avanteos Investments Limited (7749080 Jonathan A/C)	1,162,528	1.02
11. Rowe Heaney Super Fund Pty Ltd (Rowe Heaney Super Fund A/C)	1,148,598	1.01
12. Harvey Investment Company Pty Ltd (Seastar Investment A/C)	835,561	0.73
13. Mr Michael Allan Beddoes (Beddoes Practice A/C)	800,000	0.70
14. Mr Joseph Zanca and Mrs Szerenke Zanca (Zanacorp Super Fund A/C)	787,500	0.69
15. BNP Paribars Nominees Pty Ltd (IB AU NOMS Retailclient DRP)	781,835	0.68
16. Mr Barry Martin Lambert	764,729	0.67
17. RK Sydney Pty Ltd (RK Family A/C)	750,000	0.66
18. Zanacorp Financial Group Pty Ltd	607,500	0.53
19. Mr John William Officer and Mrs Jennifer Catherine Officer (Officer Super Fund A/C)	537,899	0.47
20. Supergeneration Pty Ltd (Supergeneration A/C)	533,600	0.47
Totals: Top 20 holders of issued capital (total)	**74,354,098**	**65.11**

(c) Substantial Shareholders

As at the date of this report, the substantial shareholder is:

	Listed Ordinary Shares – Fully Paid	
	Number	Percentage
Ordinary shareholder		
Colonial First State Group Limited	**40,945,747**	35.85%

Share Trading

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

Shareholders' Enquiries

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

Computershare Investor Services Pty Ltd

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

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

Postal Address	GPO Box 1453 Sydney NSW 2001
Telephone	+61 2 8488 4500
Email	info@countplus.com.au

Voting Rights

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

ANNUAL REPORT
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