

CIPL (Holding) Limited

ABN: 97 603 442 959

ANNUAL REPORT 2022



Rockhampton Office

Suite 4, 103 Bolsover St
PO Box 564
Rockhampton QLD 4700

☎ 1800 679 000

☎ 07 4922 9069

Melbourne Office

Lvl 1, 4 Prospect Hill Rd
PO Box 1134
Camberwell VIC 3124

☎ 1800 804 431

☎ 03 9813 0442

Gladstone Office

Suite 4, 93 Goondoon St
PO Box 147
Gladstone QLD 4680

☎ 07 4972 0451

✉ enquiries@investmentcollective.com.au

🌐 www.investmentcollective.com.au

ABN: 97 603 422 959

AFSL No. 471 728



CIPL (HOLDING) LIMITED ANNUAL REPORT 2022

CONTENTS

| | |
|------------------------------------|----|
| Managing Director's Report | 2 |
| Directors' Report | 3 |
| Auditor's Independence Declaration | 6 |
| Financial Statements | 7 |
| Notes to the Financial Statements | 11 |
| Directors' Declaration | 33 |
| Audit Report | 34 |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

MANAGING DIRECTOR'S REPORT

CIPL (Holding) Limited trades as The Investment Collective (TIC) and is a provider of financial services ranging from financial advice to funds management and economic consulting. The business has around 40 staff with offices in Rockhampton, Gladstone and Melbourne and clients, staff, and business associates in other centres.

On a statutory basis, the Group's result after tax for 2021/22 was a profit of \$500,155 (2020/21 \$297,535). If the effects of the new accounting standard AASB16 "Leases" is ignored, the actual result is a profit of \$533,737, a good improvement over the AASB16-excluded \$361,652 for 2020/21. The reported profit is after allowing for bonuses paid to staff, which are due when budget and shareholder returns exceed nominated levels. Ignoring the effect of AASB16 lease treatment and adding back interest, tax, depreciation and amortisation charges provides an estimate of underlying cash flow at \$865,408 for 2021/22 (2020/21 \$632,313).

The 2021/22 result (before interest, depreciation and amortisation, excluding the effect of AASB16, and including a staff bonus provision) was about \$39,000 above budget. Overall revenues increased by 13.4 per cent to \$6.6 million. Fees from existing financial advising operations increased significantly as a result of the fee increases implemented over the prior financial year, and a pleasing increase in the number of new clients presenting.

The financial year saw a modest increase in the number of external advisers (Authorised Representatives) signed on to rent our Australian Financial Services Licence, and fee increases associated with existing advisors. Over and above the direct fees, these relationships also generated fees from monies invested by clients into the firm's Portfolio Administration System.

Share trading activities rebounded strongly, following the negative effect of regulatory changes that occurred over 2020/21.

The year included a full contribution from the Gladstone office which was acquired in November 2020. This helped boost both ongoing financial advice and insurance revenues as well as the number of new clients presenting.

It was a significant year for the Analytical Property Plus Fund which continued with a strategy of moving out of significant lumpy assets and into smaller exposures managed by specialist fund managers. The fund sold its investment in Federation Villages, and also Suncorp House, enabling payment of a 7-cent per unit distribution, partially franked. Investments in a suite of property exposures managed by Sydney managers Haben performed strongly. Despite very weak markets the portfolio of small-cap shares has significantly outperformed its benchmark.

Two fully franked dividends each of 15 cents per share were paid throughout the year. These totalled \$343,130. The group made net debt repayments of \$82,981. The Group's balance sheet is sound and all debt covenants are being complied with.

Outlook

At the time of writing revenues for the first few months of the 2022/23 financial year were approximately on budget and costs well below budget. Significant market volatility related to rising inflation, the war Russia has visited on The Ukraine, and an unstable geo-political situation otherwise does however, make for an uncertain outlook. As I have said to many clients, having run the business for over 20 years, it is hard to remember a year when there was not something to worry about. This year is no different, and we rely on our sound business structure and processes and our talented staff to manage the situation, and indeed move forward. It is interesting to note that demand for our services has remained very strong despite the volatility.

Toward the end of the 2020/21 financial year the board has also engaged a consultant to assist with the sale of shares on behalf of clients who wish to exist their position in CIPL Holding Limited. This process led to two formal offers for the entire company. Documentation for the transaction is nearing completion and full details will be provided to all shareholders when terms of the Share Purchase Agreement have been fully agreed.

Thank you for your support as a shareholder.



David French, Managing Director, CIPL (Holding) Limited

2 November 2022

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of CIPL (Holding) Limited ("Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022. Throughout the report, the consolidated entity is referred to as the "Group".

1 : Directors

The names and details of the Directors of CIPL (Holding) Limited in office during the year and until the date of this report are set out below. All directors were in office for the entire year unless otherwise stated.

David M French, B.Ec, Dip CM

David French is Managing Director of CIPL (Holding) Limited. He has almost 30 years' experience in finance and economics, most of which are in investment markets and personal finance. David has been responsible for building the business of the CIPL Group to a point where it now manages almost \$600 million for individuals, small business, and managed investment schemes. He holds a Bachelor of Economics and has completed a range of other courses related to the valuation of companies and investments. David is Chair of Home Support Association, a disability Services provider, Treasurer of Rockhampton Riding for the Disabled Association, and a past director of Rockhampton Regional Development Limited and the Rockhampton Chamber of Commerce.

Owen Evans, B.A. (Honours) M.Sc (Econ)

Owen Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated number one analyst for building materials, construction and emerging companies while at UBS Australia and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment officer at MIR Australia. Between 1997 and 2010, Mr Evans was sole analyst on the IPO's of Bristle, AWB, Transfield Services, Worley Parsons and NRW. He is currently principle of Yaz Investment Pty Ltd, and provides consulting services for mid-sized Australian Companies such as Adelaide Brighton, Brickworks Ltd, Calibre Global and Dulux. He also provides investment consulting advice for global fund managers. Owen is currently non-Executive President of the Manly Warringah Basketball Association.

Lance Livermore, Bbus, CPA, FPA

Lance Livermore has more than 30 years experience in both stockbroking and financial planning. He attained his original qualifications in Albury prior to establishing himself in a financial controller role with Potter Warburg in Melbourne. Lance was a founding partner of Bailey Livermore Financial Services, a predecessor of Pentad and CIPL (Holding) Limited.

Christopher Heyworth BA (Acct), ACA

Chris is a member of the Institute of Chartered Accountants in England and Wales and until his recent retirement was a Certified Financial Planner. He holds more than 30 years' experience providing personal financial planning and investment advice. Chris has a particular interest in helping with family wealth management, including estate planning.

Company Secretary

The Company Secretary in office at the date of this report is Richard Symons.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

2 : Dividends

Fully franked dividends of \$343,130 were declared and paid during the year ended 30 June 2022.

3 : Principal Activity

The principal activities of the Group during the year were providing financial planning and related services as an Australian Financial Services Authorised Representative. The Group also provided consulting services to a range of entities. One of the Group's subsidiaries, CIP Licensing Limited, is the Responsible Entity for the Analytica Property Plus Fund, the Merchant Biotech Fund, and the Merchant Opportunities Fund.

4 : Operating and Financial Review

For the year to 30 June 2022, the Group recorded a net profit after tax of \$500,155 (2021 - profit of \$297,535)

5 : Holding Company Status

CIPL (Holding) Limited is an unlisted public company incorporated under the *Corporations Act 2001*.

6 : Significant Changes in the State of Affairs

There were no significant changes during the year.

7 : Significant Events After Balance Date

The board of the Company is in on-going negotiations with another entity, with a view to that entity acquiring all the shares in the Company from existing shareholders.

Other than the above, no matters or circumstances have arisen since 30 June 2022, which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

8 : Likely Developments

The Group will continue to provide financial advisory and consulting services, and act as a Responsible Entity.

9 : Indemnification of Directors and Officers

The Company has entered into agreements to indemnify Directors, and the Company Secretary against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company. The agreement requires the Company to indemnify officers of the Company to the maximum extent permitted by the *Corporations Act 2001*.

At the date of this report no amounts have been paid in relation to indemnity of any Director or officer of the Company and no contracts insuring officers of the Company have been entered into.

The Company provides an indemnity to its auditor under Professional Standards Legislation to the extent required under the *Corporations Act 2001*.

10 : Impact of COVID-19

During the year, COVID effects were not materially adverse to the Group's performance. There were some delays in undertaking activities to generate plan and implementation fees arising from the difficulties in meeting new clients, which were virtually eliminated starting from the second half of the financial year.

At this stage the Board does not believe that the Group will suffer any further significant impacts from COVID 19, subject to any major correction in the share market due to possible future adverse eventualities. Should this occur, the Group is well capitalised and able to adjust its operations and cost base quickly in response.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

11 : Environmental Regulation

The Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

12 : Share Options

The Group has no outstanding share options.

13 : Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

14 : Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

15 : Attendance at Directors Meetings

Attendance of directors at meetings was as follows:

| | Number of meetings held whilst a director | Number of meetings attended |
|----------------------|---|-----------------------------|
| David French | 6 | 6 |
| Owen Evans | 6 | 5 |
| Lance Livermore | 6 | 6 |
| Christopher Heyworth | 6 | 6 |

16 : Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to HLB Mann Judd for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and 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 independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board 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.

During the year, the following fees were paid or payable by the Group for non-audit services provided by the auditor:

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| Tax and accounting compliance services | 18,827 | 18,040 |

Signed in accordance with a resolution of the Directors



David French
Director, CIPL (Holding) Limited
2 November 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of CIPL (Holding) Limited and its controlled entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the CIPL (Holding) Limited and entities it controlled during the year.



A B Narayanan
Partner

Brisbane, Queensland
2 November 2022

hlb.com.au

HLB Mann Judd (SE Qld Partnership)

Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001

T: +61 (0)7 3001 8800 F: +61 (0)7 3221 0812 E: infobne@hlbqld.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (SE QLD Partnership) is a member of HLB International, the global advisory and accounting network.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 30 June 2022**

| | Note | 2022 \$ | 2021 \$ |
|--|------|------------------|------------------|
| Revenue | | | |
| Financial planning | | 4,859,462 | 4,352,583 |
| Insurance commissions | | 318,873 | 289,851 |
| Consulting | | 120,227 | 59,449 |
| Share broking commissions | | 505,501 | 333,396 |
| Management and administrative services | | 188,072 | 179,218 |
| Authorised representative fees | | 480,049 | 415,084 |
| Mortgage broking | | 2,290 | 1,582 |
| Other income | | 139,799 | 197,239 |
| Interest income | | 910 | 4,358 |
| Total revenue | | 6,615,184 | 5,832,759 |
| Expenses | | | |
| Employee benefits expenses | | 3,716,875 | 3,428,132 |
| Administration expenses | | 1,013,342 | 934,709 |
| Bad and doubtful debts | | 15,787 | (6,583) |
| Insurance | | 441,862 | 262,907 |
| Commission, consulting, and subcontractor expenses | | 206,922 | 209,861 |
| Occupancy costs | | 4,091 | 4,667 |
| Business acquisition costs | | 17,816 | 47,274 |
| Depreciation - equipment and fit outs | | 116,575 | 133,917 |
| Depreciation - right of use assets | | 236,649 | 217,700 |
| Finance costs - borrowings | | 84,196 | 70,595 |
| Finance costs - lease liabilities | | 56,817 | 95,302 |
| Total expenses | | 5,910,932 | 5,398,481 |
| Profit / (Loss) before tax | | 704,252 | 434,279 |
| Income tax (expense) / credit | 3 | (204,097) | (136,744) |
| Profit / (Loss) after tax for the year | | 500,155 | 297,535 |
| Other comprehensive income | | | |
| Other comprehensive income for the year (net of tax) | | - | - |
| Total comprehensive income for the year | | 500,155 | 297,535 |

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Financial Position
as at 30 June 2022**

| | Note | 2022 \$ | 2021 \$ |
|---|-------------|--------------------|--------------------|
| Current Assets | | | |
| Cash and cash equivalents | 14 | 951,422 | 763,698 |
| Trade and other receivables | 4 | 485,963 | 506,210 |
| Prepayments & deposits | | 382,188 | 261,705 |
| Total Current Assets | | 1,819,573 | 1,531,613 |
| Non Current Assets | | | |
| Security deposits | | 36,661 | 39,061 |
| Plant and equipment | 5 | 507,032 | 540,607 |
| Right-of-use assets | 6 | 2,226,362 | 2,463,011 |
| Intangible assets | 7 | 1,895,697 | 1,940,389 |
| Deferred tax assets | 3 | 46,209 | 93,759 |
| Total Non Current Assets | | 4,711,961 | 5,076,828 |
| Total Assets | | 6,531,534 | 6,608,441 |
| Current Liabilities | | | |
| Trade and other payables | 8 | 894,505 | 825,898 |
| Employee entitlements | 11 | 366,384 | 381,970 |
| Borrowings | 9 | 236,039 | 272,075 |
| Income tax payable | 3 | 12,028 | 20,308 |
| Lease liabilities | 10 | 179,646 | 175,495 |
| Total Current Liabilities | | 1,688,602 | 1,675,746 |
| Non Current Liabilities | | | |
| Borrowings | 12 | 1,402,996 | 1,449,941 |
| Lease liabilities | 10 | 2,451,462 | 2,658,680 |
| Employee entitlements | 11 | 67,672 | 60,296 |
| Total Non Current liabilities | | 3,922,130 | 4,168,917 |
| Total Liabilities | | 5,610,732 | 5,844,663 |
| Net Assets | | 920,804 | 763,779 |
| Equity | | | |
| Contributed equity | 13 | 1,244,916 | 1,244,916 |
| Retained profits / (accumulated losses) | | (324,112) | (481,137) |
| Total Equity | | 920,804 | 763,779 |

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2022**

| | Contributed Equity | Retained Profits | Total Equity |
|---|-----------------------|---------------------|----------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2020 | 1,244,916 | (435,542) | 809,374 |
| Profit for the year | | 297,535 | 297,535 |
| <i>Transactions with equity holders in their capacity as equity holders</i> | | | |
| Dividends paid | - | (343,130) | (343,130) |
| Balance at 30 June 2021 | 1,244,916 | (481,137) | 763,779 |
| Profit for the year | - | 500,155 | 500,155 |
| <i>Transactions with equity holders in their capacity as equity holders</i> | | | |
| Dividends paid | - | (343,130) | (343,130) |
| Balance at 30 June 2022 | 1,244,916 | (324,112) | 920,804 |

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Consolidated Statement of Cash Flows
for the Year Ended 30 June 2022**

| | | 2022 | 2021 |
|---|-------------|------------------|------------------|
| | Note | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 6,617,086 | 5,750,909 |
| Interest received | | 910 | 4,358 |
| Payments to suppliers and employees | | (5,449,336) | (5,008,039) |
| Interest paid | | (141,013) | (150,118) |
| Income tax paid | | (164,827) | (120,736) |
| Net cash inflows from operating activities | 14(b) | 862,819 | 476,375 |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | (80,159) | (124,132) |
| Payment for intangibles | | 41,851 | (454,190) |
| Net cash outflows from investing activities | | (38,308) | (578,322) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 210,000 | 510,000 |
| Repayment of borrowings | | (292,981) | (275,826) |
| Dividends paid | | (343,130) | (343,130) |
| Net refund of security deposits | | (7,610) | (3,850) |
| Repayment of right-of-use asset liabilities | | (203,067) | (153,583) |
| Net cash outflows from financing activities | | (636,788) | (266,388) |
| Net increase / (decrease) in cash and cash equivalents | | 187,724 | (368,335) |
| Cash and cash equivalents at the beginning of the year | | 763,698 | 1,132,034 |
| Cash and cash equivalents at the end of the financial year | 14(a) | 951,422 | 763,698 |

The accompanying notes form part of these financial statements

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

1. Corporate Information

The parent entity, CIPL (Holding) Limited (the Company) is a company limited by shares incorporated and domiciled in Australia. The Company's shares are not listed on any securities exchange.

The principal place of business and registered office of the Company is Suite 18, Suncorp House, 103 Bolsover Street, Rockhampton Queensland.

The Company's subsidiary, CIP Licensing Limited, acts as Responsible Entity of Analytica Property Plus Fund and the Merchant Opportunities Fund.

These financial statements were authorised for issue by the directors of the Company on 2 November 2022.

2. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

The financial statements relate to CIPL (Holding) Limited and its controlled entities ("Group").

New or amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

2. Statement of Significant Accounting Policies (continued)

Basis of Preparation (continued)

The financial statements have been prepared on an accruals basis and are based on historical costs, apart from financial assets which have been measured at fair value. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on a going-concern basis which anticipates that the Group will continue to conduct its business, and realise its assets and discharge its liabilities in the normal course of business.

Compliance with IFRS's

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

Principles of Consolidation - subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets, liabilities, and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group.

The acquisition method of accounting is used to account for business combinations 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 an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Statement of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost or fair value through profit and loss

A financial liability is measured at fair value through the profit and loss if the financial liability is (a) a contingent consideration of an acquirer in a business combination to which AASB 3 applies (b) held for trading, or (c) initially designated at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at (a) amortised cost (b) fair value through other comprehensive income or (c) fair value through profit or loss. Measurement is on the basis of two primary criteria - the contractual cash flow characteristics of the financial asset and the business model for managing the financial assets.

A financial asset that meets the following conditions are subsequently measured at amortised cost (a) the financial asset is managed solely to collect contractual cashflows; and (b) the contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset; (a) the right to receive cashflows from the asset has expired or been transferred (b) all risks and rewards of ownership of the asset have been substantially transferred and (c) the Company no longer controls the asset (it has no practical ability to make unilateral decisions to sell the asset to a third party.)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9 Financial Instruments.

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

2. Statement of Significant Accounting Policies (continued)

Financial instruments (continued)

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables or contract assets that result from transactions that are within the scope of AASB 15 Revenue from Contracts with Customers, and which do not contain a significant financing component.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits available on demand at banks, other short term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Receivables

Receivables comprise trade debtors and are carried at original contract/invoice amount, less any provision for impairment.

Other receivables are normally due within 30 days of recognition.

Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Issued capital

Ordinary shares are classified as equity.

Transaction costs (net of tax) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Where shares are issued for no consideration, the fair value of the shares issued is charged to the profit and loss in the year of issue.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The treatment of different classes of revenue is described below.

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

2. Statement of Significant Accounting Policies (continued)

Revenue recognition (continued)

Financial planning fees

Services provided comprise review meetings (the number depending on the level of service selected), portfolio management, investment strategy updates, seminars, newsletters, administration of personal financial matters, and on-line portfolio access.

Clients are invoiced monthly based on the size of their portfolio and the level of service they have selected to receive, and these invoices are recognised as revenues each month. All services are provided on a continual basis over the year, apart from the review meetings. These meetings take place at different times for different clients over the year and last around an hour. It is considered that the relative value of these meetings is not sufficiently large to treat them as a separate performance obligation.

In aggregate, given the services are provided in a more or less continual basis, it the Group considers that these revenues can be recognised on a monthly basis.

Share broking commissions

As part of its services (ie managing their portfolios) to clients, the Group buys and sells shares on the ASX on their behalf via a facility with OpenMarkets. The Group received a commission on these trades. Commission revenues are recognised when trades are complete and an entitlement to the commission has arisen.

Included in share broking commissions are fees derived from placement or stamping fees. These fees are recognised when the placement is complete and an entitlement to the commission has arisen.

Authorised representative fees

The Company has contracts with various entities permitting them to act as authorised representatives under the Company's AFSL. The fees comprise a flat annual fee payable monthly, additional service fees (where applicable) and a client compliance levy with fees being charged monthly. Fees are invoiced monthly and recognised as revenue in that month, as essentially the same services are provided each month.

Insurance commissions

Insurance commissions include both upfront and trailing commissions. Upfront insurance commissions arise when a client first purchases a policy and are recognised as revenues at this point. Trailing commissions are received while a client maintains a policy, and cease when the policy is terminated. Such commissions are recognised as received.

Management and administrative services

The Company provides management services to the Analytica Property Plus Fund ("APPF"). The management fees are calculated on the net assets of APPF at a rate set out in APPF's PDS. The services provided include managing the investments in the Fund, finding new investments, exiting investments, and administrative services such as preparing financial statements, tax returns, and distribution statements. There is no performance fee arrangement.

The Company satisfies its performance obligations as it manages the Fund during the year, and invoices and recognises revenue on a monthly basis.

As the management fee is inclusive of all the services required during a single year, and is fixed regardless of how much time and effort are expended in any one year, revenue is recognised on a straight-line basis as the services are provided.

Consulting and bookkeeping fees

The Company provides consulting and bookkeeping services to clients under various contracts. Such revenues are recognised when the agreed work has been completed.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

C IPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Statement of Significant Accounting Policies (continued)

Taxes

Income tax

Income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the statutory income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

C IPL (Holding) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST recoverable from the taxation authority. That part of the GST incurred on a purchase of goods and services, which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

Operating segments

Under AASB 8, from 1 July 2009 operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which for the Company, is the board of directors. As the Group only has one operating segment, financial planning, there are no reportable segments.

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Client lists

Client lists, where a "book" of clients is acquired from another financial planning business, are carried at cost less accumulated impairment losses.

Impairment testing is undertaken by comparing the client list at acquisition versus the client list at year end.

Software and website development costs

Software and website development costs are capitalised only when the Group identifies that the project will deliver future economic benefits and these benefits can be measured reliably. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or websites become operational.

The amortisation rate used for software is 20.0% per annum.

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Statement of Significant Accounting Policies (continued)

Significant accounting judgements, estimates, and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally within the Group.

(i) Significant key estimates

Impairment of Goodwill

During the 2015 financial year, the Group acquired the business of Capricorn Investment Partners Limited, a financial planning firm. As a consequence, the Group shows the related goodwill on its statement of financial position. The Group does not consider that any of this goodwill is impaired, based on the net present value of the future expected cashflows to be derived from the business. Further details regarding these assumptions are provided in Note 7.

PAS software

As part of the acquisition of the business of Capricorn Investment Partners Limited in early 2015, the Group acquired the PAS portfolio administration software which had been developed by that company. The PAS software has been valued at the Group's estimate, which is based on a net present value of the additional costs that would be incurred if the Group was required to use an external commercial package instead of PAS. For accounting purposes the PAS software has been assessed as having a useful life of 5 years, however, it will continue to provide services well into the future.

As at 30 June 2022, the carrying value of the PAS software had been amortised to zero. Further details are provided in Note 7.

(ii) Significant key judgements

Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

(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 year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee obligations are presented as payables.

(ii) Long term obligations

Any liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the year in which employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of the services provided. Consideration is given to expected future salary and wage levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting Year on national government bonds with terms to maturity and currency that match, as closely as possible, the expected future outflows.

Impairment of non-financial assets

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 an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

2. Statement of Significant Accounting Policies - significant key judgements (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date

Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make-good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of asset | Rates |
|-----------------------|--------------|
| Office equipment | 14 - 40% |
| Fixtures and fittings | 10 - 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Statement of Significant Accounting Policies (continued)

Right-of-use assets

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

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

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

Leases

Leases of fixed assets not falling within the scope of AASB 16, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

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

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

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

New Accounting Standards for Application in Future Periods

During the period, the Company reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business, and, therefore, no change is necessary to Company accounting policies.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

3. Income Tax

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| (a) Income tax expense / (credit) from continuing operations | | |
| Current tax | 156,547 | 75,315 |
| Deferred tax | 47,550 | 75,280 |
| Overprovision in prior year | - | (13,851) |
| Tax expense / (credit) reported in statement of comprehensive income from continuing operations | <u>204,097</u> | <u>136,744</u> |
| (b) Deferred tax assets | | |
| The balance comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss | | |
| - Provision for long service leave | 53,537 | 57,665 |
| - Provision for doubtful debts | 3,463 | (317) |
| - Prepaid income | - | 1,083 |
| - Annual leave | 54,978 | 57,324 |
| - Borrowing costs | 7,670 | 1,958 |
| - Accrued expenses | 71,207 | 87,373 |
| - Capital raising and other costs | 1,412 | 12,184 |
| | <u>192,266</u> | <u>217,270</u> |
| Set-off to deferred tax liabilities | (146,058) | (123,512) |
| Net deferred tax assets | <u>46,209</u> | <u>93,759</u> |
| (c) Deferred tax liabilities | | |
| The balance comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss | | |
| - Prepayments | 95,093 | 67,571 |
| - Accrued income | - | 13,018 |
| - Difference between tax and accounting value depreciable assets | 50,965 | 42,923 |
| | <u>146,058</u> | <u>123,512</u> |
| Set-off from deferred tax assets | (146,058) | (123,512) |
| Net deferred tax liabilities | <u>-</u> | <u>-</u> |
| (d) Movements in net deferred tax assets/liabilities | | |
| Opening balance | 93,759 | 169,039 |
| Charged / (credited) to statement of comprehensive income | (47,550) | (75,280) |
| Closing balance | <u>46,209</u> | <u>93,759</u> |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| 3. Income Tax (continued) | | |
| (e) Explanation of the relationship between income tax expense (credit) and accounting profit / (loss) : | | |
| A numerical reconciliation between income tax expense (credit) and the product of accounting profit / (loss) before income tax multiplied by the statutory income tax rate is as follows: | | |
| Accounting profit / (loss) before income tax | 704,252 | 434,279 |
| Tax at the statutory income tax rate of 25.0% (2021 - 26.0%) | 183,106 | 112,912 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income | | |
| - Non deductible items | 11,726 | - |
| - Other | 9,265 | 37,683 |
| - Overprovision from prior years | - | 13,851 |
| Income tax expense / (credit) from continuing operations | 204,097 | 136,744 |
| 4. Current Trade and Other Receivables | | |
| Trade receivables | 390,329 | 397,568 |
| Less provision for impairment | (14,490) | (1,221) |
| Net trade receivables | 375,839 | 396,347 |
| Accrued income | 110,124 | 109,863 |
| Other | - | - |
| | 485,963 | 506,210 |

Refer Note 15 for information on risk exposure.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

| | 2022 \$ | 2021 \$ |
|---|-----------------------|-----------------------|
| 5. Plant and Equipment | | |
| Plant and equipment comprises office equipment and leasehold improvements made to the Group's offices in Melbourne, Rockhampton, and Gladstone. | | |
| Office equipment at cost | 656,329 | 580,334 |
| less accumulated depreciation | (467,423) | (417,679) |
| | <u>188,906</u> | <u>162,655</u> |
| Leasehold improvements at cost | 638,078 | 633,914 |
| less accumulated depreciation | (319,952) | (255,962) |
| | <u>318,126</u> | <u>377,952</u> |
| Plant and Equipment | <u>507,032</u> | <u>540,607</u> |
| Movements in carrying amounts | | |
| Office equipment at written down value beginning of year | 162,655 | 132,237 |
| Additions | 75,995 | 83,431 |
| Depreciation | (49,744) | (53,013) |
| Balance at end of year | <u>188,906</u> | <u>162,655</u> |
| Leasehold improvements at written down value beginning of year | 377,952 | 396,097 |
| Additions | 3,924 | 40,700 |
| Depreciation | (63,750) | (58,845) |
| Balance at end of year | <u>318,126</u> | <u>377,952</u> |
| 6. Right of use assets | | |
| Buildings - right-of-use | 3,327,837 | 3,327,837 |
| Less accumulated depreciation | (1,101,475) | (864,826) |
| | <u>2,226,362</u> | <u>2,463,011</u> |
| Movements in carrying amounts | | |
| Buildings - right-of-use assets at written down value beginning of year | 2,463,011 | 2,540,450 |
| Recognition of right-of-use assets upon adoption of AASB 16 | - | 140,261 |
| Depreciation | (236,649) | (217,700) |
| Balance at end of year | <u>2,226,362</u> | <u>2,463,011</u> |

The Group leases buildings for its offices under agreements of with terms of 5 years, all with options to extend for a further 6-10 years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

| | 2022 \$ | 2021 \$ |
|-----------------------------|------------------|------------------|
| 7. Intangible Assets | | |
| Other software | 14,956 | 2,431 |
| Client list | 503,020 | 560,237 |
| Goodwill | 1,377,721 | 1,377,721 |
| | 1,895,697 | 1,940,389 |

| | Other software 2022 | Goodwill 2022 | Client lists 2022 | Total 2022 |
|--|---------------------------|------------------|----------------------|------------------|
| Movement in carrying amounts - 2022 | | | | |
| Balance beginning of year | 2,431 | 1,377,721 | 560,237 | 1,940,389 |
| Acquired through purchase | 15,365 | - | - | 15,365 |
| Impairment of intangibles | | | (57,217) | (57,217) |
| Amortisation of intangibles | (2,840) | - | - | (2,840) |
| Balance end of year | 14,956 | 1,377,721 | 503,020 | 1,895,697 |

Movement in carrying amounts - 2021

| | PAS 3 software 2021 | Other software 2021 | Website and branding 2021 | Goodwill 2021 | Client lists 2021 | Total 2021 |
|-----------------------------|---------------------------|---------------------------|------------------------------------|------------------|----------------------|------------------|
| Balance beginning of year | 255,268 | 10,992 | 10,772 | 1,377,721 | 108,774 | 1,763,527 |
| Capitalisation of expenses | - | 2,727 | - | - | 451,463 | 454,190 |
| Amortisation of intangibles | (255,268) | (11,288) | (10,772) | - | - | (277,328) |
| Balance end of year | - | 2,431 | - | 1,377,721 | 560,237 | 1,940,389 |

Goodwill at 30 June 2022 represents goodwill from the Capricorn Investment Partners Limited ("CIPL") business purchased by the Group on 27 February 2015. The goodwill has been tested for impairment by reviewing the net present value of future cash flow projections for the business. Based on a 16% pre tax discount rate and growth rate assumptions of approximately 2-3% for income and expenses, management considers that there is no need to impair the value and cannot anticipate any likely scenario where impairment would be necessary.

The Client Lists relate to an acquisition of 2 client lists from other financial planners. The purchase price in each case was calculated on a low single digit multiple of planning/insurance fees. Based on client movements from the 2 books since acquisition, management does not consider there is any material impairment.

The other software is being used to digitise client information, and is being amortised on a straight line basis over 5 years.

| | 2022 \$ | 2021 \$ |
|------------------------------------|----------------|----------------|
| 8. Trade and Other payables | | |
| Trade creditors | 369,979 | 303,223 |
| Credit card | 21,114 | 7,965 |
| Accrued expenses | 257,197 | 309,869 |
| Superannuation payable | 27,631 | 26,182 |
| GST payable | 116,165 | 99,261 |
| PAYG payable | 56,164 | 57,018 |
| Other | 46,256 | 22,382 |
| Total trade and other payables | 894,505 | 825,898 |

The average credit period on trade and other payables (excluding GST) is 30 days. No interest is payable on outstanding payables during this period. For overdue payables, interest may be charged at a rate determined by the particular creditor.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| 9. Borrowings - current | | |
| Bank borrowings | 219,996 | 200,004 |
| Bank of Melbourne - fit-out lease | - | 16,799 |
| CB Grand Pty Ltd - fit-out lease | 16,043 | 55,272 |
| Total current borrowings | 236,039 | 272,075 |
| The bank borrowings liability represents 12 monthly principal repayments of \$18,333 each over the next 12 months. | | |
| 10. Lease liabilities | | |
| Liability on premises leases - current | 179,646 | 175,495 |
| | 179,646 | 175,495 |
| Liability on premises leases - non-current | 2,451,462 | 2,658,680 |
| | 2,451,462 | 2,658,680 |
| 11. Employee entitlements - current | | |
| Provision for annual leave | 219,910 | 220,478 |
| Provision for long service leave | 146,474 | 161,492 |
| Total entitlements | 366,384 | 381,970 |
| <i>Movements in employee entitlements - current</i> | | |
| Annual leave | | |
| Opening balance beginning of year | 220,478 | 168,703 |
| Leave accrued | 237,439 | 243,198 |
| Leave taken / paid out | (238,007) | (191,423) |
| Closing balance end of year | 219,910 | 220,478 |
| Long service leave | | |
| Opening balance beginning of year | 161,492 | 135,235 |
| Leave accrued | 20,254 | 8,801 |
| Transferred from non-current | 11,467 | 17,456 |
| Leave taken / paid out | (46,739) | - |
| Closing balance end of year | 146,474 | 161,492 |
| Employee entitlements - non-current | | |
| Provision for long service leave | 67,672 | 60,296 |
| | 67,672 | 60,296 |
| <i>Movements in employee entitlements - non-current</i> | | |
| Opening balance beginning of year | 60,296 | 67,875 |
| Leave accrued | 33,217 | 20,461 |
| Transferred to current | (11,467) | (17,456) |
| Leave taken / paid out | (14,374) | (10,585) |
| Closing balance end of year | 67,672 | 60,296 |
| 12. Borrowings - non-current | | |
| Bank borrowings | 1,402,996 | 1,427,989 |
| CB Grand Pty Ltd - fit-out lease | - | 21,952 |
| Total non-current borrowings | 1,402,996 | 1,449,941 |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

12. Borrowings - non-current (continued)

The Group is required to meet bank-imposed financial covenants in relation to its borrowings. The covenants require that (a) the Group's recurring revenues for each 6 month period ended 30 June and 31 December must be at least 85% of the prior year's corresponding period (b) the annual recurring revenues must be at least 85% of the prior financial year's recurring revenues (c) the annual recurring revenue for any financial year must not be below \$3,746,611. The Group is in compliance with all these covenants. CIPL (Holding) Limited has guaranteed the borrowings and provided a charge over all its assets and undertakings.

| | Number of shares | \$ |
|---|---------------------|------------------|
| 13. Contributed Equity | | |
| Share capital | | |
| Ordinary shares fully paid on issue at 30 June 2022 - 1,143,768 (2021 - 1,143,768 ordinary shares fully paid) | | |
| Balance at 1 July 2018 | 1,143,768 | 1,244,916 |
| Balance at 30 June 2021 | 1,143,768 | 1,244,916 |
| Balance at 30 June 2022 | 1,143,768 | 1,244,916 |

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

Any holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| 14. Cash and Cash Equivalents | | |
| (a) Reconciliation of cash and cash equivalents | | |
| Cash and cash equivalents comprise: | | |
| Cash at bank | 801,422 | 614,898 |
| Cash held in term deposit | 150,000 | 148,800 |
| | 951,422 | 763,698 |

Of this cash, a minimum of \$707,401 (based on the gross assets of the 2 funds for which CIP Licensing is RE) must be held by CIP Licensing Limited, a subsidiary of the Company, to meet Australian Financial Services Licence requirements. As at 30 June 2022, \$150,000 was held in a term deposit by CIP Licensing Limited, with the balance required held in other CIP Licensing operating accounts.

| | | |
|---|----------------|----------------|
| (b) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities | | |
| Profit / (Loss) for the year after tax | 500,155 | 297,535 |
| Depreciation and amortisation | 353,224 | 351,617 |
| Decrease / (increase) in prepayments | (120,483) | (200,641) |
| (Increase) / decrease in receivables | 20,247 | (117,506) |
| Increase / (decrease) in payables and accruals | 78,617 | 58,909 |
| Increase / (decrease) in provisions | (8,210) | 70,453 |
| Decrease / (increase) in deferred tax benefit | 47,550 | 75,280 |
| Increase / (decrease) in current tax liabilities | (8,280) | (59,272) |
| Net cash inflows / (outflows) from operating activities | 862,819 | 476,376 |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

15. Financial Instruments Disclosure

(a) Capital risk management

The Group manages its capital to ensure that the Group will have sufficient liquidity to fund its operations while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group also seeks to have sufficient facilities to provide funding for growth and development expenditure. CIP Licensing must maintain adequate capital to ensure compliance with its Australian Financial Services Licence requirements. This is achieved in part by keeping \$150,000 in a term deposit, together with maintaining sufficient other cash at bank.

The capital structure of the Group consists of cash at bank balances and equity of the Group (comprising issued capital and retained earnings).

| | 2022 | 2021 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Loans (current) | 236,039 | 272,075 |
| Loans (non-current) | 1,402,996 | 1,449,941 |
| | <u>1,639,035</u> | <u>1,722,016</u> |
| Equity | <u>920,804</u> | <u>763,779</u> |

The Group is required to meet certain financial covenants under the terms and conditions of its bank borrowings. The Group is in full compliance with those covenants for, and as at the end, of the year.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses for each class of financial asset, financial liability, and equity instrument) are disclosed in Note 2.

Categories of financial instruments

| | 2022 | 2021 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash | 951,422 | 763,698 |
| Trade receivables (net of impairment) | 375,839 | 396,347 |
| Carrying amount of financial assets | <u>1,327,260</u> | <u>1,160,045</u> |

Financial liabilities

Other financial liabilities

| | | |
|--|------------------|------------------|
| Trade creditors and payables | 391,093 | 311,187 |
| Borrowings - current | 236,039 | 272,075 |
| Borrowings - non-current | 1,402,996 | 1,449,941 |
| Carrying amount of financial liabilities | <u>2,030,128</u> | <u>2,033,203</u> |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | \$ | \$ |
| 15. Financial Instruments Disclosure (continued) | | |
| Net income and expense from financial assets and liabilities | | |
| Interest income from financial assets | 910 | 4,358 |
| Finance costs from financial liabilities | (84,196) | (70,595) |
| Net gain / (loss) from net financial liabilities | <u>(83,286)</u> | <u>(66,237)</u> |

The Group's activities expose it to financial risks. These risks can be classified into credit risk, interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects arising from these risks on the financial performance of the Group. Risk management techniques include keeping borrowings to a prudent level, maintaining spare borrowing capacity, regular cashflow forecasting, and management of receivables.

The Group does not enter into or trade derivative financial instruments for speculative purposes.

Details of financial instrument risks, and the effects they have on the profit and loss and equity position of the Group under different scenarios, are detailed under the relevant headings below.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets which have been recognised on the statement of financial position is the carrying amount. The Group is not materially exposed to any significant individual credit risk arising from receivables. None of these receivables are secured.

The Group has adopted a policy of only dealing with creditworthy counter parties, entering into direct debit arrangements with clients, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Other receivables mostly comprise outstanding trade settlements and interest receivable. The Group has no reason to believe that these amounts will not be received when due.

Credit risk of financial instruments not past due or individually determined as impaired;

| | Not past due or impaired 2022 |
|------------------------------------|-------------------------------------|
| Receivables for goods and services | <u>356,525</u> |
| | <u>356,525</u> |

Ageing of financial assets that are past due but not impaired 30 June 2022

| | 31 - 90 days | Greater than 90 days |
|------------------------------------|--------------|-------------------------|
| Receivables for goods and services | <u>3,822</u> | <u>14,042</u> |

| | Not past due or impaired 2021 |
|------------------------------------|-------------------------------------|
| Receivables for goods and services | <u>389,617</u> |
| | <u>389,617</u> |

Ageing of financial assets that are past due but not impaired 30 June 2021

| | 31 - 90 days | Greater than 90 days |
|------------------------------------|--------------|-------------------------|
| Receivables for goods and services | <u>6,730</u> | <u>-</u> |

**Notes to the Financial Statements
for the Year Ended 30 June 2022**

15. Financial Instruments Disclosure (continued)

(c) Interest rate risk

The Group's total bank borrowings at 30 June 2022 were \$1,670,069 (2021 : \$1,317,997). The borrowings are in the form of a business markets loan facility and an overdraft. In addition to this, there were separate financing arrangements for specific asset purchases which totalled \$16,043 (2021 - \$169,844). These latter arrangements have fixed interest rates for their entire terms.

As at 30 June 2022, the bank borrowing facility was completely at variable rate. The after tax impact of a change in the rate of interest on the interest expense for the variable component is shown in the table below.

| | Interest rate | | |
|--|------------------------------|--------|----------------|
| | Interest rate increase of 1% | 2% | Decrease of 1% |
| Increase / (decrease) of annual interest expense | 9,918 | 19,836 | (9,918) |

(d) Liquidity risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. This is done by maintaining adequate cash at bank, ensuring that sufficient equity is raised to support the business, and ensuring borrowings are repayable over a realistic timeframe.

The Group's financial liabilities are payables, financial institution borrowings, and asset/software leases.

The Group manages liquidity risk through the continuous monitoring of forecast and actual cashflows to ensure that there are appropriate resources to meet financial obligations.

The borrowings consist of a business markets loan facility..

| | 2022 | 2021 |
|---|-----------|-----------|
| | \$ | \$ |
| Business markets loan | 1,768,326 | 1,649,993 |
| Amount drawn down at year end | 1,622,992 | 1,627,993 |
| Total balance of facilities available at year end | 145,334 | 22,000 |

In respect of the business market loan, the limit on this facility decreases by \$18,333 per month until expiry on 31 December 2024, when the entire balance must be repaid.

In addition to the business market loan, the Group also has a \$150,000 overdraft facility. At 30 June 2022, this was drawn down to \$47,077.

A maturity analysis, together with the effective weighted average interest rate for classes of financial liabilities, is set out below. The figures show both the interest and principal repayments required and assume interest rates on the variable component are as at year end.

| | Weighted Average Interest Rate pa | Total due in less than 12 months \$ | Total due in 12 months to 2 years \$ | Total due in 2 to 5 years \$ | Total due after 5 years \$ | Indefinite \$ |
|-------------------------------|--|--|---|------------------------------------|----------------------------------|------------------|
| 30 June 2022 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | 391,093 | - | - | - | - |
| Equipment and software leases | 6.20% | 16,250 | - | - | - | - |
| Borrowings | 3.46% | 290,213 | 280,065 | 1,209,229 | - | - |
| Total financial liabilities | | 697,557 | 280,065 | 1,209,229 | - | - |
| 30 June 2021 | | | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | 311,187 | - | - | - | - |
| Equipment and software leases | 6.03% | 75,886 | 14,772 | - | - | - |
| Borrowings | 3.46% | 251,368 | 244,608 | 1,231,085 | - | - |
| Total financial liabilities | | 638,441 | 259,380 | 1,231,085 | - | - |

The bank borrowing facility expires on 29 December 2023. The initial drawdown limit is \$2,000,000 which reduces by \$16,667 per month. At maturity, it is likely the loan will be refinanced, however, for the purposes of the above table, it is assumed to be repaid on that date.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

15. Financial Instruments Disclosure (continued)

(e) Net fair values

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

The Group has adopted the amendment to AASB 7 Financial Instruments.

16. Auditor's Remuneration

| | 2022 \$ | 2021 \$ |
|---|---------------|---------------|
| Remuneration of HLB Mann Judd, the auditor of the Group | | |
| Audit and review of the financial report * | 58,900 | 54,000 |
| Other services - taxation * | 18,827 | 18,040 |
| | <u>77,727</u> | <u>72,040</u> |

* Includes audit and taxation advice fees for Analytica Property Plus Fund

17. Events Subsequent to Balance Date

The board of the Company is in on-going negotiations with another entity, with a view to that entity acquiring all the shares in the Company from existing shareholders.

Other than the above, there has not arisen in the interval between the end of the reporting year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

18. Contingent Liabilities

The Group has in place a bank guarantee of \$500,000 to fulfil its obligations to the Australian Securities Exchange as a non-broker participant. The Group also has a \$50,000 bank guarantee to cover a rental lease commitment. Finally, the Group as a bank guarantee of \$600,000 to guarantee CHESS settlements. All bank guarantees remain undrawn.

19. Commitments

The Group has no commitments (30 June 2021 - nil).

20. Franking Credits and Dividends

(a) Franking Credits

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Franking credits available for subsequent financial years based on a tax rate of 25.0% (2021 - 26.0%) | 65,608 | 23,615 |

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

- (a) Franking credits/debits that will arise from the payment/refund 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 reporting date.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

20. Franking Credits and Dividends (continued)

(b) Dividends declared and paid during the year

Dividends of \$343,130 were paid during the year, which were fully franked.

(c) Dividends not recognised at year end:

No dividends were unrecognised at year end.

21. Controlled Entities

The names and details of the Group's controlled entities during and at the end of the year are;

| Name | % owned | | Country of incorporation |
|---------------------------------------|---------|------|--------------------------|
| | 2022 | 2021 | |
| Capricorn Investment Partners Pty Ltd | 100 | 100 | Australia |
| CIP Licensing Limited | 100 | 100 | Australia |
| CIPL (Nominees) Pty Ltd | 100 | 100 | Australia |

22. Key Management Personnel ("KMP") and Related Party Disclosures

KMP's are defined as any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group or any of the Group's related entities, directly or indirectly. Any director (whether executive or otherwise) of the entity, is considered key management personnel.

(a) Directors

The following persons were directors of the Company during the year.

David French

Owen Evans

Lance Livermore

Chris Heyworth

There were no other key management personnel.

(b) Remuneration of Key Management Personnel

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits | 289,028 | 325,386 |
| Other short term benefits - consulting fees | 85,167 | 80,167 |
| Post employment benefits - superannuation | 22,604 | 23,782 |
| Post employment benefits - long service leave | 4,534 | 4,144 |
| | 401,333 | 433,478 |

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

22. Key Management Personnel and Related Party Disclosures (continued)

(c) Share Holdings

The number of shares in the Company held during the year by each member of the Key Management Personnel, including their personally related entities, is set out below. No shares were issued as remuneration to KMP's during the year.

30 June 2022

| Name | Balance at the beginning of the year | Acquired | Sold | Balance at end of the year |
|-----------------|--------------------------------------|----------|------|----------------------------|
| David French | 127,487 | - | - | 127,487 |
| Owen Evans | 92,439 | - | - | 92,439 |
| Lance Livermore | 125,772 | - | - | 125,772 |
| Chris Heyworth | 125,772 | - | - | 125,772 |

(d) Transactions with related entities

CIP Licensing Limited, a wholly owned subsidiary of the Group, acts as Responsible Entity for the Analytica Property Plus Fund ("APPF"). CB Grand Pty Ltd is a subsidiary of APPF.

The Group paid rent to CB Grand Pty Ltd of \$181,011 during the year (2021 : \$181,011) and owed CB Grand Pty Ltd \$3,257 at 30 June 2022 (2021 : \$2,916)

The Group derived management fees of \$188,072 (2021 - \$179,218) from APPF. At year end, APPF owed the Group \$14,741 in accrued management fees (2021 - \$21,942).

CIP Licensing Limited, a wholly owned subsidiary of the Group, acts as Responsible Entity for the Merchant Opportunities Fund ("MOF") and the Merchant Biotech Fund ("MBF"). The Group derived revenues of \$116,137 from MOF (2021 - \$120,457) and \$25,000 from MBF (2021 - \$nil). At year end, MOF owed CIP Licensing \$9,167 in unpaid fees (2021 - \$12,327).

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

Notes to the Financial Statements for the Year Ended 30 June 2022

24. Parent entity financial information

The individual financial statements for the parent entity, CIPL (Holding) Limited show the following aggregate amounts

| Statement of financial position | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Current assets | 1,881,234 | 1,427,074 |
| Non-current assets | 5,014,745 | 5,365,226 |
| Total assets | 6,895,979 | 6,792,300 |
| Current liabilities | 2,682,290 | 3,408,752 |
| Non-current liabilities | 4,055,383 | 4,272,230 |
| Total liabilities | 6,737,673 | 7,680,982 |
| Net assets | 158,307 | (888,682) |
| Shareholders equity | | |
| Issued capital | 1,244,915 | 1,244,915 |
| Retained earnings | (1,086,609) | (2,133,597) |
| Total shareholders equity | 158,307 | (888,682) |
| Statement of comprehensive income | 2022 | 2021 |
| Revenues | 7,187,064 | 5,235,901 |
| Expenses | 5,713,363 | 5,275,899 |
| Profit before tax | 1,473,700 | (39,998) |
| Income tax expense | (83,581) | (13,811) |
| Net profit after tax | 1,390,119 | (53,809) |

CIPL (Holding) Limited, CIP Licensing Limited, and Capricorn Investment Partners Pty Ltd have been required by the Group's lender to cross guarantee each other's commitments under the borrowing facility.

25. COVID-19 impacts

During the year, COVID effects were not materially adverse to the Group's performance. There were some delays in undertaking activities to generate plan and implementation fees arising from the difficulties in meeting new clients, which were virtually eliminated starting from the second half of the financial year.

At this stage the Board does not believe that the Group will suffer any further significant impacts from COVID 19, subject to any major correction in the share market due to possible future adverse eventualities. Should this occur, the Group is well capitalised and able to adjust its operations and cost base quickly in response.

CIPL (HOLDING) LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including :

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

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

Signed in accordance with a resolution of the Directors.



David French

Director, CIPL (Holding) Limited

2 November 2022

Independent Auditor's Report to the Members of CIPL (Holding) Limited and Its Controlled Entities

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company.

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

Information Other than the Financial Report and Auditor's Report Thereon

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

Our opinion on the financial report does not cover the other information and accordingly 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.

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HLB Mann Judd (SE Qld Partnership)

Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001

T: +61 (0)7 3001 8800 F: +61 (0)7 3221 0812 E: infobne@hlbqld.com.au

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants

Brisbane, Queensland
2 November 2022



A B Narayanan
Partner