Enprise Group Limited

Annual Report and Financial Statements

for the year ended 30 June 2021

Enprise Group Limited

Annual Report and Financial Statements
for the year ended 30 June 2021

Contents

Enprise Group Limited

Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the 12 month period ended 30 June 2021.

Principal activities

Enprise Group Limited (Enprise) has two operating divisions;

- Enterprise Division, a solution provider for MYOB Enterprise software in Australia and New Zealand will from now on be trading as Kilimanjaro Consulting under the "One Company – One Team – One Brand" philosophy.
- iSell Pty Limited (iSell), sell a cloud-based quoting systems (IT Quoter) on a Software-as-a-Service (SaaS) model used by the IT reseller market in Australia, New Zealand, UK, USA and South Africa.

Enprise is invested in Datagate Innovation Limited (Datagate) that provides online reporting and billing portals under a Software-as-a-Service (SaaS) model for resellers of Telco/Utility services and hosted service providers in New Zealand, Australia, Canada, USA and Europe. Enprise holds 32.02% of Datagate.

Enprise is invested in Vadacom Holdings Limited (Vadacom), a leading voice over IP (VoIP) telephony solutions provider. Enprise holds 6.23% of Vadacom.

Significant changes in the state of affairs

Enprise invested further into iSell. Enprise subscribed for 2,162,851 shares at AUD $0.40 per share on 11 March 2021 which took Enprise to 71.1%. During the period, Enprise acquired iSell shares from other iSell shareholders for cash.

Enprise subscribed for $335,038 in an oversubscribed rights issue undertaken by Datagate to capitalise on the progress made in international markets, particularly the USA. Enprise's stake was diluted by the raise, causing Enprise to recognise a gain on dilution.

Directors

Mr Lindsay Phillips (appointed 1 December 2013) - Chairman
Mr George Cooper (appointed 10 April 2012) - CEO
Mr Ronald Baskind (appointed 31 January 2018) – CEO Enterprise Division
Mr Nicholas Paul (appointed 1 December 2015) – Independent Non-Executive Director
Ms Marisa Fong (appointed 1 February 2019) – Independent Non-Executive Director

Ms Marisa Fong, Mr Nicholas Paul and Mr Lindsay Phillips comprise the members of the Audit, Finance and Risk Committee.

Ms Fong is considered to be an independent director as she has a small holding in Enprise and has no other remuneration or influence which would affect her decision making in a material way. Mr Paul is considered to be an independent director as he has a small holding in Enprise and although he has gained remuneration for his role as acting CEO of iSell, this is a temporary role to enable the founder of iSell, Richard Beresford to complete the product development.

	30 June 2021	30 June 2020
Male Directors	4	4
Female Directors	1	1
Male Officers	2	2
Female Officers	1	1

Corporate governance

The directors have complied with the corporate governance code which can be found on the following link.
https://enprise.com/media/1824/201125-eg-corporate-governance-statement.pdf

Directors' Report

Remuneration of directors

The remuneration of the Directors for the period ended 30 June 2021 is set out below:

	30 June 2021	30 June 2020
	12 mths $'000	15 mths $'000
Salaries, bonuses and commissions	438	377
Superannuation defined contribution	22	10
Consultancy fees	180	135
Directors' fees	90	112
Total compensation	730	634
George Cooper	209	276
Lindsay Phillips	40	50
Nicholas Paul	205	166
Ronald Baskind	229	295
Marisa Fong	25	31
	708	818

	$'000	$'000
	Base per annum	Incentive
George Cooper	230	20
Ronald Baskind	269	22

Incentives are discretionary and assessed by the Board based on the profitability of the company.

Employee remuneration over $100,000

The number of employees or former employees, not being directors of the Group, that received remuneration and other benefits that exceeded $100,000 per annum is as follows:

	30 June 2021	30 June 2020
	Number of employees	
100,001 – 110,000	8	10
110,001 – 120,000	6	8
120,001 – 130,000	9	11
130,001 – 140,000	7	3
140,001 – 150,000	5	4
150,001 – 160,000	3	2
170,001 – 180,000	2	2
190,001 – 200,000	2	1
200,001 – 210,000	-	2
210,001 – 220,000	-	1
230,001 – 240,000	1	-
240,001 – 250,000	1	-
250,001 – 260,000	1	-
320,001 - 330,000	1	-

Rounding of amounts

Amounts in the directors’ report and financial statements have been rounded off to the nearest thousand dollars.

Review of operations and outlook

Enterprise Division

The Enterprise Division was formed by the complete merger of the operations of Kilimanjaro Consulting in Australia and Enprise Solutions in New Zealand in January 2020. Strong improvements in productivity and economies of scale have followed and is reflected in the profitability of the Enterprise Division. We continue to leverage our position as MYOB's largest partner in the Enterprise space, with an overall goal to maintain our position as the "Partner of Choice for MYOB Enterprise Solutions in the Australian and New Zealand markets"

To further leverage off our strengths and control our costs, the Enterprise Division is rapidly moving towards operating as "One Company – One Team – One Brand". The Enprise brand will be reserved for the listed entity Enprise Group Limited (ENS). This will facilitate clearer positioning of the Group as a high-tech software and services investment company. The "Enprise Solutions" brand has already been phased out in Australia and will be replaced by the Kilimanjaro brand in New Zealand over the coming months.

The Enterprise Division specialises in the implementation, training, support, integration, and further development of MYOB ERP solutions for larger, more complex companies. Our portfolio has expanded from MYOB Exo to include MYOB Advanced and MYOB Advanced People and now includes a suite of integrated third-party products.

The accelerating trend for organisations to use technology to improve their efficiency, and a rapidly growing base of SaaS users in different market verticals, gives us the opportunity to maximise the lifetime value of our large and loyal client base, and to attract new clients. Our offering is particularly attractive to organisations that aspire to a unified cloud-based business and people management solution.

Our "Connected Services" approach enables existing clients to leverage off the power of "Best of Breed" SaaS solutions. This also creates an easy path to the cloud for our Exo clients, if and when they want it. Our ExoHosted solution facilitates this, moving on-premise servers to the cloud. The development of new integrations is always on our radar. Our newest self-developed tool, Synkit, facilitates integration between MYOB Exo and several 3rd Party SaaS services, including HubSpot, SalesForce, Smart Freight, Magento, and more. The MYOB / Acumatica (foundation of MYOB Advanced) connection is strong, with MYOB represented on the Acumatica Board. The robust and flexible General Ledger capabilities of MYOB Advanced, together with configurable workflows, make this the most powerful mid-market ERP system in its class. MYOB is now the only SaaS vendor in Australia and New Zealand with a fully integrated ERP / Payroll / Workforce Management solution.

MYOB Changes

MYOB, under KKR ownership, has undergone major changes in both company structure and product focus. The Enterprise Division is a strategic partner of MYOB and continues to work together with them to support existing products, new product development, and marketing. MYOB have changed their strategy in the Enterprise space from a purely channel partner model, to a combination of direct and channel. This is causing some disruption, as MYOB announced the acquisition of two of their Channel partners. The direct strategy is primarily aimed at defined segments, and some specialised verticals. An engagement desk has been put in place by MYOB to ensure fair competition and non-solicitation of our clients or employees. MYOB has reiterated the importance of partners in helping to achieve their mid-market growth ambitions and will continue to invest in building their capability. The partner channel remains a core pillar of their Go-to-Market strategy. Our Enterprise Division services the top end of the MYOB target market, which is currently a segment that MYOB does not service via their direct channel. Our investment in developing capabilities to service this market positions us very well to remain a valuable channel partner for MYOB.

The current Strategic Plan of the Enterprise Division is designed to achieve a Compound Annual Growth rate of 15%. The Enterprise Division showed a revenue increase of 24% above the previous 15-month period. EBITDA was effectively on budget, despite the COVID-19 impacts. This meant the division made a significant contribution (Revenue $15.239m (2020 $12.251m))

In a SaaS world, success is measured by recurring revenue. A large proportion of the Enterprise Division revenue is recurring or contracted. Of the $15.239m revenue, $3.321m was recurring and $2.645m was contracted, total recurring and contracted revenue was $5.966m.

Recurring Revenue	Contracted Revenue	Total Recurring and Contracted Revenue
3.321m	2.645m	5.966m

Our #ClientFirst initiatives are aimed at customer satisfaction, which will preserve and expand on the contracted and recurring revenue.

The Enterprise Division employs over 100 highly skilled people across Australia and New Zealand. We have the largest team in the MYOB channel and are continuing to grow and incrementally improve. We recognise that our people are our greatest asset, and we are committed to being in the top quartile of employers, based not only on remuneration but also on a strong culture and employee engagement.

The skills built up in our teams over the last 21 years are critical to our success. Government subsidies received with thanks during the COVID-19 pandemic enabled us to retain these skills, which may otherwise have been lost. Our quick pivot to embrace remote working, acceleration of our on-line learning initiatives, and encouraging and assisting our existing clients to use technology to survive, will ensure not only our own survival but enable us to fulfil our obligation to support economic growth.

Despite the prevailing uncertainty caused by COVID-19, the adoption of technology is seen by most companies as essential to survival and growth. This positions us well for the next year. Our recurring and contracted revenue provide a stabilising factor.

Directors' Report

Enterprise Division continued

Focus for the next year

The year ahead will see us continue with our current strategic directions, with a focus on:

1. Adapting to MYOB's entry into the market with a direct channel.
2. Implementing the recommendations of our large-scale internal review of processes and systems.
3. Productivity improvements.
4. Cost control.
5. Better utilisation of resources across the Enterprise Division.
6. Continued recruiting of high-level skilled resources.

iSell

Annual recurring revenue (ARR) has increased to $0.8 million. Enprise currently owns 71% of iSell. Focus over the last 18 months has moved from transitioning legacy customers, to acquiring new customers. Australia and New Zealand remain an active market however the last year saw ITQuoter establish a presence in the UK market, South Africa, Ireland, Netherlands, Denmark and more recently, the USA.

A UK presence was established in March 2021, which has seen the number of UK and Europe sites grow to over 53 customers, with reseller partners established. With over 20,000 MSP's, this market offers a strong opportunity for ITQuoter to build on this beach-head and deliver continued growth.
A decision was made to undertake a controlled and careful market entrance into the USA in May 2021. A low-key presence has been established including a local sales agent, an office and we are now beginning to acquire customers in this market. With over 100,000 potential customers it offers considerable opportunity for growth however will be undertaken with caution.

Focus for the next year

ITQuoter is looking to continue to focus on driving ARR by acquiring new customers in its key markets, in particular Australia, UK and the new USA market. Our plan includes doubling our customer base as we take advantage of the new product releases due at the end of this year.

We will do this by focusing on ensuring our cloud product continues to develop, with the addition of new e-Commerce and Document Builder products later this calendar year. This will complete the core modules and enable us to focus heavily on ensuring the robustness of our software delivers an outstanding experience to our customers.

The UK and USA markets are important for us to achieve the desired growth; lifting our monthly acquisition numbers. Capitalising on the beach-head we have secured in the UK via strengthening our sales and marketing is critical. Establishing a beach-head in the USA is also critical to help deliver the volumes required. A focus on creating strong reseller relationships in the USA is underway to augment our direct sales capability.

Datagate

Enprise Group's associate, Datagate Innovation Ltd (Datagate) grew its annual recurring revenue (ARR) to over $1.6 million, an increase of 47%. Datagate has more than doubled its ARR in the USA over the last year to 30 June 2021. Datagate is in high-growth mode and is keeping its focus on growing revenue and market share as aggressively as possible. Market demand for Datagate is strong, its core clients are suppliers of advanced unified communications systems and remote working solutions.

Vadacom

Vadacom Holdings Ltd (Vadacom) continued to grow ARR to $2.56 million (up 2.2%) year-on-year. Contracted revenue was $0.52 million at 31 March 2021. Vadacom has recently released its new cloud PBX phone system 'Next Voice'. As a result of an independent valuation of Vadacom, Enprise Group realised a $0.02 million increase in the carrying value of this investment in the period. Vadacom had a share buy-back during the period, this together with the change in valuation saw a reduction in carrying value to $0.69 million.

Donations

Enprise made donations during the period of $0 (last year: $1,000).

Directors interests at 30 June 2021

	Number of Shares
Lindsay Phillips	3,090,939
George Cooper	243,242
Nicholas Paul	50,273
Ronald Baskind	2,671,276
Marisa Fong	42,833

Enprise Group Limited

Directors' Report

Interests' register

The following entries are recorded in the period ending 30 June 2021:

- Lindsay Phillips was appointed director of Larki Pty Limited and Old Bull and Box Holdings Pty Limited. He ceased to be director of Chess Industries Limited, Academic Assessment Services Pty Limited and Amcos Pty Limited
- Nick Paul was appointed director of Connector Communities Limited and became a shareholder in Boatsmart Marine Services Limited
- Marisa Fong became a shareholder in Weirdly Limited and Living Clean NZ Limited

Top 20 shareholdings as at 31 August 2021

	Holding	Holding %
New Zealand Central Securities Depository Ltd	3,226,395	19.97
Nightingale Partners Pty Limited*	3,090,939	19.13
Red Cow Investments Pty Limited~	2,671,276	16.53
Reitham Finanz Gmbh & Co Kg	861,471	5.33
New Zealand Depository Nominee	459,219	2.84
Custodial Services Limited	454,500	2.81
Amely Zaininger	363,286	2.25
Bernard Israel Fridman	318,145	1.97
Jens Neiser	310,159	1.92
Carjon Investments Pty Limited	291,071	1.80
Savgas Pty Limited	291,071	1.80
Deansand Pty Limited	290,692	1.80
Net Power Solutions Limited	249,893	1.55
George Elliot Cooper	243,242	1.51
Donwood Pty Limited	230,000	1.42
Fridman Super Fund	181,767	1.12
Jason Patrick Fegan	146,063	0.90
David Mitchell Odlin	143,006	0.89
Sarah May Loveys	141,052	0.87
Leah Catherine Cooper	130,000	0.80

*Related parties to Lindsay Phillips
~Related party to Ronald Baskind

Geographic distribution of shareholders as at 31 August 2021

Country	Holders	Holder %	Issued capital	Issued capital %
New Zealand	274	67.00%	6,488,009	40.15%
Australia	105	25.67%	8,465,638	52.40%
Germany	18	4.40%	1,180,922	7.31%
USA	8	1.96%	16,263	0.10%
Great Britain	3	0.73%	6,667	0.04%
Switzerland	1	0.24%	200	0.00%
Total	**409**	**100.00%**	**16,157,699**	**100.00%**

Distribution of shareholders as at 31 August 2021

Range	Holders	Holding quantity	Holding %
1-1000	148	67,525	0.42%
1001-5000	148	375,483	2.32%
5001-10000	44	341,308	2.11%
10001-50000	46	1,041,294	6.44%
50001-100000	2	114,156	0.71%
Greater than 100000	21	14,217,933	88.00%
Total	**409**	**16,157,699**	**100.00%**

The directors' report is signed for and on behalf of the Board, and was authorised for issue on the date below.

George Cooper (Director, CEO)
28 September 2021

Ronald Baskind (Director, CEO Enterprise Division)
28 September 2021

Enprise Group Limited

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Revenue from contracts with customers	**3**	16,113	12,420
Government assistance	**4(a)**	753	935
Employee expense	**5(d)**	(11,806)	(8,335)
Other operating costs	**5(c)**	(4,431)	(3,499)
Other gains/(losses) - net	**5(a)**	-	60
Operating profit		629	1,581
Equity earnings/(losses) from associates and joint ventures	**14**	(474)	(618)
Other gains/(losses) related to associates and joint ventures	**14**	344	257
Net gain on previously held interest in associates and joint ventures		-	85
Finance cost - net	**5(b)**	(129)	(39)
Profit before income tax		370	1,266
Income tax benefit	**6(a)**	402	93
Profit for the period		**772**	**1,359**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		38	93
Items that will not be reclassified to profit or loss			
Changes in the fair value of investments through other comprehensive income	**15**	23	220
Total other comprehensive income for the period, net of tax		61	313
Total comprehensive income for the period		**833**	**1,672**
Profit for the period is attributable to:			
Non-Controlling Interest		(326)	23
Owners of Enprise Group Limited		1,098	1,336
		772	**1,359**
Total comprehensive income for the period is attributable to			
Non-Controlling Interest		(326)	23
Owners of Enprise Group Limited		1,159	1,649
		833	**1,672**
Earnings per share from profit for the period attributable to ordinary shareholders of the Enprise Group Limited			
Basic and diluted earnings per share (see note 7) cents per share		6.85	11.67

Enprise Group Limited

Consolidated Statement of Financial Position
as at 30 June 2021

	Note	30 June 2021 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalents	19	2,806	3,169
Trade and other receivables	8	2,821	2,953
Contract assets	9	713	646
Current tax assets	6(c)	1	-
Staff receivables		-	13
Total current assets		**6,341**	**6,781**
Non-current assets			
Investments in associates, joint ventures	14	833	628
Investments in other entities	15	687	813
Staff receivables		106	90
Property plant and equipment	16	384	284
Intangible assets	17	10,810	10,960
Right-of-use assets	18	1,568	1,851
Deferred tax asset	6(d)	1,960	1,746
Loans to related parties	22(e)	87	-
Other non-current assets	10	54	154
Total non-current assets		**16,489**	**16,526**
Total assets		**22,830**	**23,307**
Current liabilities			
Trade and other payables	11	2,555	2,787
Provisions	12	1,525	1,232
Contract liabilities	13	2,362	1,989
Borrowings	19	50	347
Lease liabilities	20	572	704
Total current liabilities		**7,064**	**7,059**
Non-current liabilities			
Provisions	12	181	269
Borrowings	19	-	138
Lease liabilities	20	1,087	1,179
Deferred tax liability	6(d)	705	893
Total non-current liabilities		**1,973**	**2,479**
Total liabilities		**9,037**	**9,538**
Net assets		**13,793**	**13,769**
Equity			
Share capital	21(a)	11,010	10,749
Foreign exchange translation reserve		196	158
Financial assets at FVOCI reserve		588	565
Retained earnings		1,444	912
Equity attributable to the owners of Enprise Group Limited		13,238	12,384
Non-controlling interests	23	555	1,385
Total equity		**13,793**	**13,769**

These financial statements have been authorised for issue by the Directors.
For and on behalf of the Board:

George Cooper (Director, CEO)
28 September 2021

Ronald Baskind (Director, CEO Enterprise Division)
28 September 2021

These financial statements should be read in conjunction with the notes to the financial statements and the Auditor's report.

Enprise Group Limited

Consolidated Statement of Changes in Equity
for the year ended 30 June 2021

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019	6,566	65	345	(424)	-	6,552
Transactions with shareholders in their capacity as owners						
New shares issued	4,183	-	-	-	-	4,183
Non-controlling interest on acquisition	-	-	-	-	870	870
New share issue in iSell Pty Limited	-	-	-	-	492	492
Total transactions with shareholders	4,183	-	-	-	1,362	5,545
Comprehensive income						
Profit for the period	-	-	-	1,336	23	1,359
Other comprehensive income	-	93	220	-	-	313
Total comprehensive income net of tax	-	93	220	1,336	23	1,672
Balance at 30 June 2020	**10,749**	**158**	**565**	**912**	**1,385**	**13,769**
Balance at 1 July 2020	10,749	158	565	912	1,385	13,769
Transactions with shareholders in their capacity as owners						
Dividends paid	-	-	-	(639)	-	(639)
New shares issued (note 21)	261	-	-	-	-	261
Transactions with non-controlling interests (note 23)	-	-	-	73	(504)	(431)
Total transactions with shareholders	261	-	-	(566)	(504)	(809)
Comprehensive income						
Profit/(loss) for the period	-	-	-	1,098	(326)	772
Other comprehensive income	-	38	23	-	-	61
Total comprehensive income net of tax	-	38	23	1,098	(326)	833
Balance at 30 June 2021	**11,010**	**196**	**588**	**1,444**	**555**	**13,793**

Enprise Group Limited

Consolidated Statement of Cash Flows
for the year ended 30 June 2021

	Note	30 June 2021	30 June 2020
		12 mths $'000	15 mths $'000
Operating activities			
Cash was provided from:			
Receipts from customers		23,855	19,962
Government assistance		935	753
Interest received		2	19
Income tax refund received		-	1
		24,792	20,735
Cash was applied to:			
Payments to suppliers & employees		22,445	17,962
Interest paid		132	112
		22,577	18,074
Net cash inflow from operating activities	**24**	**2,215**	**2,661**
Investing activities			
Cash was provided from:			
Loans repaid by staff		13	74
Repayments from associates and joint ventures		-	104
Term deposits		100	-
Share buy back from other entities		62	-
Business acquisitions		-	23
		175	201
Cash was applied to:			
Purchase of property, plant and equipment		190	95
Software development costs		272	-
Investment in equity accounted joint venture		335	176
Investment in equity accounted associate		-	42
Purchase of business		18	20
Lending to third parties		5	30
Advances to associates and joint ventures		-	876
		820	1,239
Net cash inflow (outflow) from investing activities		**(645)**	**(1,038)**
Financing activities			
Cash was provided from:			
Proceeds from issue of shares		-	1,136
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		146	466
		146	1,602
Cash was applied to:			
Dividends paid		378	-
Purchase of shares in iSell Pty Limited from non-controlling interests		576	-
Repayment of lease liabilities		656	415
Repayment of bank borrowings		441	350
Repayment of other borrowings		2	65
		2,053	830
Net cash inflow (outflow) from financing activities		**(1,907)**	**772**
Net increase / (decrease) in cash and cash equivalents held		**(337)**	**2,395**
Net foreign exchange differences		(26)	3
Cash and cash equivalents at beginning of the period		3,169	771
Cash and cash equivalents at end of the period	**19**	**2,806**	**3,169**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

1 BASIS OF PREPARATION

(a) Reporting entity
Enprise Group Limited (the company) and its subsidiaries (together the Group) is a high-tech software and services investment company. The company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). The Group is registered under the Companies Act 1993 and is a FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is 16 Hugo Johnston Drive, Penrose, Auckland.

(b) Compliance statement
These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the Companies Act 1993, the FMCA 2013 and NZX listing rules. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS). The Group is a for-profit entity for the purposes of complying with NZ GAAP.

(c) Basis of preparation
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities at fair value.

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been prepared in thousands, unless otherwise stated.

The principal accounting policies adopted in the preparation of the financial report are set out in the accompanying notes and indicated by the shaded text. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(d) Principles of consolidation
The consolidated financial statements comprise the financial statement of the company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Name of Entity	Country of incorporation	Principal activity	Percentage ownership	
			30 June 2021	30 June 2020
Enprise Solutions Limited	New Zealand	Software sales and solutions	100.00	100.00
Enprise Australia Pty Limited	Australia	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Pty Limited	Australia	Software sales and solutions	100.00	100.00
Enprise Limited	New Zealand	Software sales and solutions	100.00	100.00
Global Bizpro Limited	New Zealand	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Limited	New Zealand	Software sales and solutions	100.00	100.00
iSell Pty Limited	Australia	Software sales and solutions	71.14	50.82
iSell Philippines Inc	Philippines	Software sales and solutions	71.14	50.82

(e) Business Combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For the iSell Pty Limited business combination, the non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

1 BASIS OF PREPARATION (CONTINUED)

(e) Business Combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(f) Foreign currency translation

The consolidated financial statements are presented in New Zealand dollars, which is the Group's presentation currency. Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The results and financial position of entities that have a different functional currency are translated to NZD as follows: assets and liabilities are translated at the exchange rate at balance date and income statement items are translated at the average exchange rates for the year. Exchange differences are recognised in other comprehensive income as a currency translation reserve movement.

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

(g) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'fair value through other comprehensive income' and 'amortised cost'. The classification depends on the business model and contractual terms of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

1 BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Critical accounting judgements and estimates

In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected.

Judgements and estimates which are material to the financial statements are found in the following notes:

(a) Revenue recognition (note 3).
(b) Taxation (note 6(d)).
(c) Intangible assets (note 17).
(d) Investments in other entities (note 15).
(e) Lease liabilities (note 20).
(f) Impairment (note 17).

Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

2 SEGMENT INFORMATION

The Group is organised into two reportable operating segments based on the business segments. These segments form the basis of internal reporting used by management and the Board of Directors to monitor and assess performance and assist with strategic decisions. The Board of Directors is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the information reviewed by the Board of Directors and the Chief Executive Officer for the purposes of allocating resources and assessing performance.

(a) Operational performance

Business segments	Revenue 30 June 2021 12 mths $'000	Revenue 30 June 2020 15 mths $'000	Operating profit 30 June 2021 12 mths $'000	Operating profit 30 June 2020 15 mths $'000
Enterprise Division	15,239	12,251	2,404	2,607
iSell	865	169	(1,003)	49
Corporate	9	-	(772)	(1,075)
	16,113	12,420	629	1,581
Equity earnings of associates and joint ventures			(130)	(276)
Net interest expense			(129)	(39)
Profit/(loss) before taxation			370	1,266
Income Tax			402	93
Net profit/(loss) attributable to shareholders			772	1,359

Geographic segments	Revenue 30 June 2021 12 mths $'000	Revenue 30 June 2020 15 mths $'000
New Zealand	4,517	6,324
Australia	11,387	6,093
EMEA**	107	2
North America	4	1
Asia	98	-
	16,113	12,420

*** Europe, Middle East and Africa*

(b) Interest, deprecation and amortisation

	Interest revenue 30 June 2021 12 mths $'000	Interest revenue 30 June 2020 15 mths $'000	Interest expense 30 June 2021 12 mths $'000	Interest expense 30 June 2020 15 mths $'000	Depreciation and amortisation expense 30 June 2021 12 mths $'000	Depreciation and amortisation expense 30 June 2020 15 mths $'000
New Zealand	4	72	72	63	194	267
Australia	1	1	62	49	1,152	438
	5	73	134	112	1,346	705

(c) Balance sheet information

	Non-current assets other than financing and deferred tax 30 June 2021 $'000	Non-current assets other than financing and deferred tax 30 June 2020 $'000	Total assets 30 June 2021 $'000	Total assets 30 June 2020 $'000	Total liabilities 30 June 2021 $'000	Total liabilities 30 June 2020 $'000
Enterprise Division	8,926	9,207	15,730	16,521	7,547	10,372
iSell	3,835	3,888	4,699	4,579	1,134	1,086
Corporate	833	628	2,226	4,632	181	505
	13,594	13,723	22,655	25,732	8,862	11,963
Inter-segment elimination	-	-	175	(2,425)	175	(2,425)
	13,594	13,723	22,830	23,307	9,037	9,538
New Zealand	3,117	2,982	6,643	8,336	2,667	2,969
Australia	10,477	10,741	16,260	17,027	6,443	8,625
	13,594	13,723	22,903	25,363	9,110	11,594
Inter-segment elimination	-	-	(73)	(2,056)	(73)	(2,056)
	13,594	13,723	22,830	23,307	9,037	9,538

Notes to the Consolidated Financial Statements
for the year ended 30 June 2021

3 REVENUE

Revenue from contracts with customers

The Group's primary activity is providing software solutions within Australia and New Zealand. From these activities the Group generates the following streams of revenue:

- Enterprise software licence revenue
- Support services revenue
- Implementation and consulting revenue
- Other fees such as hosting fees and hardware sales
- iSell revenue

Each of the above streams delivered to customers are considered separate performance obligations, even though for practical reasons they may be governed by a single legal contract with the customer. Revenue recognition for each of the above revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
Enterprise software licence revenue	Initial access or continued access to the software	Software licence revenue under NZ IFRS 15 is recognised through an agency arrangement and therefore the agency revenue margin is recognised in the statement of comprehensive income. The revenue is calculated based on commission margin percentages agreed between the Group and the third-party licenser. The agency commission is recognised at a point in time when the customer gains access to the system or is provided with continued use of the software, generally through providing a code to enable continued access. Customers are typically invoiced annually (but sometimes monthly) for recurring software licences and commissions are recognised once the performance obligation has been satisfied.
Services and support revenue - Support contracts	Closure of support query or standing ready to provide support	Support contract revenue is recognised at a point in time as the services are delivered. The contract is between the customer and Enprise, as principal. Revenue from providing support services is recognised in the accounting period in which the services are rendered. Revenue is calculated based on time and cost incurred, a fixed monthly charge or a combination of both. Recognition is determined based on the contract with the customer. This can be: - actual labour hours spent to resolve the query, - an agreed monthly charge plus actual labour hours spent to resolve the query not covered by the monthly agreed charge, and - an agreed monthly charge. Customers are typically invoiced monthly when the job has been closed. Consideration is payable when invoiced and corresponds directly to the performance completed to date in respect to this revenue stream.
Services and support revenue - Implementation and consulting revenue	At completion of data conversions, user acceptance testing (UAT) or specific solution provided.	Revenue is recognised at a point and time when the solution has been delivered . Revenue provided from services is recognised in the accounting period in which the solution has been provided. Recognition is determined based on the contract, either a fixed price or actual labour hours spent. Revenue is recognised in full at the end of the project when go-live has occurred. Customers are typically invoiced throughout the project and consideration is payable when invoiced. The revenue is shown as a contract liability on the balance sheet until such time as the performance obligation has been met and released to the statement of comprehensive income.
iSell Revenue - Software licence revenue cloud system	Right to access the software	Revenue is recognised throughout the licence period and in the period in which the service occurs Customers are typically invoiced in arrears for usage rendered. The revenue is shown as a contract asset on the balance sheet as the performance obligation has been met and released to the statement of comprehensive income but the client has not yet been invoiced. Clients invoiced annually are held on the balance sheet and the revenue released monthly as the performance obligation occurs
iSell Revenue - Software licence revenue legacy system	Right to use the software	Revenue is recognised at a point and time, and in the period in which the software has been invoiced. Customers are typically invoiced for a period of time for expected upcoming usage as they are typically not yet able to use or be migrated to the new cloud system. Annual charges for legacy system customers invoiced after 1 January 2021 comes with the promise of a credit if the customer transitions to the new cloud system during the invoiced period. Revenue with this promise is deferred and recognised monthly
iSell Revenue - Other	- Onboarding fees - Data services	Revenue is recognised during the period in which the services have been rendered or the goods supplied.
ExoHosted Revenue	- Hosting services	Revenue is recognised during the period in which the services have been rendered or the goods supplied.
Other fees	- Training - Hardware	Revenue is recognised during the period in which the services have been rendered or the goods supplied.

3 REVENUE (CONTINUED)

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Revenue from Enterprise software and licences	4,280	3,507
Revenue from services and support	9,934	7,836
Revenue from iSell	865	169
Revenue from hosting services	1,032	903
Revenue from other fees	2	5
	16,113	12,420

Revenue by geographical location 30 June 2021 12 months	Revenue from software and licences $'000	Revenue from services and support $'000	Revenue from iSell $'000	Revenue from hosting services $'000	Revenue from other fees $'000	Total $'000
New Zealand	1,401	2,562	96	456	2	4,517
Australia	2,879	7,372	560	576	-	11,387
EMEA*	-	-	107	-	-	107
North America	-	-	4	-	-	4
Asia	-	-	98	-	-	98
	4,280	9,934	865	1,032	2	16,113

** Europe, Middle East and Africa*

Revenue by geographical location 30 June 2020 15 months	Revenue from software and licences $'000	Revenue from services and support $'000	Revenue from iSell (1 month) $'000	Revenue from hosting services $'000	Revenue from other fees $'000	Total $'000
New Zealand	1,788	4,074	11	449	2	6,324
Australia	1,719	3,762	155	454	3	6,093
EMEA*	-	-	2	-	-	2
North America	-	-	1	-	-	1
	3,507	7,836	169	903	5	12,420

Enterprise division revenue	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Recurring revenue from Enterprise software licences	3,321	2,809
Contracted revenue from hosting and support agreements	2,645	1,641
Revenue from other services	9,273	7,801
	15,239	12,251

iSell revenue	30 June 2021 12 mths $'000	30 June 2020 1 mth $'000
Recurring revenue from iSell software licences	684	141
Revenue from other services	181	28
	865	169

Critical accounting judgements and estimates

Some contracts include multiple deliverables, such as software licences and implementation services. However, because the implementation does not include material customisation to the software and could be provided by another party, the implementation services are accounted for as a separate performance obligation from software licences. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices.

The group does not expect to recognise any revenue on existing contracts outside the 12 months post year end.

4 OTHER INCOME

(a) Government assistance

COVID-19 payments are recognised in the profit and loss when the right to receive the government assistance has occurred. COVID-19 payments have been received from the New Zealand Government (wage subsidy) during the prior year and the Australian Government (JobKeeper and cash flow boost) in both the current and prior year.

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
COVID-19 government assistance	753	935
	753	935

5 OPERATING EXPENSES

(a) Other gains and losses

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Net foreign exchange gains/(losses)	-	60
	-	60

(b) Finance income and costs

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or liability and allocates the interest income over the relevant period.

Interest expense

Interest costs are expensed in the period in which they are incurred.

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Finance income		
Interest from financial assets held for cash management purposes	2	2
Interest from loans to related parties	-	68
Interest from other loans and receivables	3	3
	5	73
Finance costs		
Interest on bank overdrafts and loans	(28)	(68)
Interest on lease liabilities	(106)	(44)
	(134)	(112)
Net finance income and costs	(129)	(39)

(c) Other operating expenses

Low-value and short-term lease costs:

Leases that are not classified as a right-to-use asset have been classified as low-value and short-term leases. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Other operating expenses include:	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Advertising and marketing	233	163
Amortisation	476	184
Auditors' remuneration	137	174
Bad and doubtful debts expense	63	91
Communications	177	156
Depreciation	873	521
Hosting costs	687	458
Insurance	101	60
Legal fees	41	16
Low-value and short-term lease costs	87	69
Professional services	127	209
Subcontractors	657	556
Travel expenses	83	269
Other operational expenses	689	573
	4,431	3,499

(i) Amortisation

	30 June 2021 $'000	30 June 2020 $'000
Amortisation of software (note 17)	273	22
Amortisation of customer relationships (note 17)	203	162
	476	184

5 OPERATING EXPENSES (CONTINUED)

(ii) Auditors' remuneration

	30 June 2021 $'000	30 June 2020 $'000
For auditing the Group financial statements		
RSM Hayes Audit	136	125
Baker Tilly Staples Rodway Auckland	-	48
Other Services		
Audit of iSell Philippines (R.P. Mora Accounting and Law Office)	1	1
	137	174

(iii) Bad and Doubtful Debts

	30 June 2021 $'000	30 June 2020 $'000
Bad debts recognised	119	33
Changes in provision for bad and doubtful debts	(56)	58
	63	91

(iv) Depreciation

	30 June 2021 $'000	30 June 2020 $'000
Property plant and equipment (note 16)	146	104
Right-of-use assets (note 18)	727	417
	873	521

(d) Employee benefit expense

	30 June 2021 $'000	30 June 2020 $'000
Wages and salaries	11,087	7,822
Superannuation	629	401
Directors fees	90	112
	11,806	8,335

6 TAXATION

(a) Income tax recognised in profit or loss

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unutilised tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Temporary differences that can reasonably be foreseen in the next accounting period have been recognised as a deferred tax asset.

	30 June 2021 $'000	30 June 2020 $'000
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	-	-
Total deferred tax expense/(benefit)	(402)	(93)
Total income tax expense/(benefit)	(402)	(93)

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

	30 June 2021 $'000	30 June 2020 $'000
Profit before income tax	370	1,266
Tax at the New Zealand domestic tax rate of 28%	104	354
Adjusted for the tax effect of:		
Non deductible expenses	267	201
Non assessable income	(96)	(72)
Difference in overseas tax rates	11	(15)
Previously unrecognised tax losses	(688)	(561)
Total deferred tax expense/(benefit)	(402)	(93)
Total income tax expense/(benefit)	(402)	(93)

(c) Current tax assets and liabilities

	30 June 2021 $'000	30 June 2020 $'000
Current tax assets		
Income tax refundable	1	-
	1	-

6 TAXATION (CONTINUED)

(d) Deferred tax balances

Deferred tax asset	30 June 2021 $'000	30 June 2020 $'000
The balance comprises temporary differences attributable to:		
Future benefit of losses incurred	680	370
Future benefit of provisions and accruals	167	117
Employee benefits	350	444
Contract liabilities	338	312
Lease liabilities	425	503
Total deferred tax asset	1,960	1,746

Deferred tax liability	30 June 2021 $'000	30 June 2020 $'000
The balance comprises temporary differences attributable to:		
Customer relationships	(137)	(216)
Contract asset	(169)	(185)
Right-of-use asset	(399)	(492)
Total deferred tax liability	(705)	(893)

Movements	Right-of use assets & lease liabilities $'000	Customer relationships $'000	Tax losses $'000	Provisions & accruals (inc employee benefits) $'000	Total $'000
At 1 April 2019	11	(19)	153	139	284
(Charged)/credited					
to profit or loss	-	35	(78)	154	111
arising from business combinations	-	(232)	295	395	458
At 30 June 2020	11	(216)	370	688	853

Movements	Right-of use assets & lease liabilities $'000	Customer relationships $'000	Tax losses $'000	Provisions & accruals (inc employee benefits) $'000	Total $'000
At 1 July 2020	11	(216)	370	688	853
(Charged)/credited					
to profit or loss	15	79	310	(2)	402
At 30 June 2021	26	(137)	680	686	1,255

Critical accounting judgements and estimates

The Group has recognised a deferred tax asset on its statement of financial position as at the reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Judgement is required to assess the deferred tax asset in relation to losses available. The balance represents the reasonable benefit that the Group is expected to utilise in the next two financial years (last year: one financial year). The Directors have not recognised the benefit of unutilised tax losses beyond two years due to uncertainty with regards to future shareholder continuity.

Subject to the various income tax legislations being met the losses carried forward at 30 June 2021 are estimated to be $4,420,842 (last year: $6,352,724) of which $2,427,142 have been recognised as a deferred tax asset (last year: $1,321,867). Deferred tax losses are not recognised in relation to iSell Pty Limited, which has a further AUD2,773,000 of losses to carry forward.

(e) Imputation credits available for use

Subject to the provisions of the Income Tax Act 2007, the benefit of these credits may be passed to the shareholders as imputed tax paid on future dividends.

	30 June 2021 $'000	30 June 2020 $'000
New Zealand imputation credits available	-	-

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

There are no instruments that could potentially dilute earnings per share.

	30 June 2021	30 June 2020
	$'000	$'000
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to shareholders	1,098	1,336
Weighted average number of ordinary shares for basic earnings per share	16,035	11,450
Basic and diluted earnings per share (cents)	6.85	11.67

8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at cost less any provision for impairment. All trade and other receivables have been classified as current assets.

	30 June 2021	30 June 2020
	$'000	$'000
Trade receivables	2,628	2,379
Related party receivable (note 22(d)).	3	-
Other receivables	102	454
Provision for impairment	(102)	(158)
	2,631	2,675
Prepayments	190	278
	2,821	2,953

Allowance for impairment loss

The average credit period on sales of licences and services is 40 days. No interest is charged on outstanding trade receivables.

The Group has used specific identification on all overdue debtors. The Group measures the loss allowance on the balance of trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix referring to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of both the current and forecast direction of conditions at the reporting date.

Bad debts are written-off when they are considered to have become uncollectable.

The aging of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for impairment	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
			$'000	$'000	$'000	$'000
0-30 days	1.0%	1.0%	1,958	1,720	20	17
31-60 days	5.0%	5.0%	424	309	21	15
61-90 days	10.0%	10.0%	111	70	12	7
+91 days	35.0%	42.5%	138	280	49	119
			2,631	2,379	102	158

Movements in the provision for impairment loss were as follows:	30 June 2021	30 June 2020
	$'000	$'000
At period start	(158)	(100)
Provisions acquired on business combination	-	(80)
Additional provisions recognised	(63)	(94)
Receivables written off during the year	119	116
At period end	(102)	(158)

9 CONTRACT ASSETS

A contract asset is recognised for amounts relating to services rendered but not yet recognised. The costs recognised as contract assets are released to the statement of comprehensive income when the related revenue for the contract is released.

	30 June 2021	30 June 2020
	$'000	$'000
Contract assets	713	646

The reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

	30 June 2021	30 June 2020
	$'000	$'000
Balance at the beginning of the period	646	296
Acquired from business combinations	-	39
Transfer from contract assets to expenses	(646)	(335)
Costs incurred for work performed but not yet recognised	713	646
Balance at the end of the period	713	646

10 OTHER ASSETS

	30 June 2021	30 June 2020
	$'000	$'000
Security deposits	54	154
Classified as		
Current	-	-
Non-current	54	154
	54	154

11 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	30 June 2021	30 June 2020
	$'000	$'000
Trade payables	1,016	1,307
Related party payables (note 22(d)).	20	52
Payroll taxes and other statutory liabilities	693	481
Other payables and accruals	826	947
	2,555	2,787

12 PROVISIONS

Wages, salaries, annual leave, long service leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

	30 June 2021 $'000	30 June 2020 $'000
Employee benefits	1,706	1,501
Classified as		
Current	1,525	1,232
Non-current	181	269
	1,706	1,501

13 CONTRACT LIABILITIES

A contract liability is recognised for amounts received or due relating to services performed or expected to be performed. The Group's revenue recognition policy is stated at Note 3 which details when each class of revenue is released to the profit and loss.

	30 June 2021 $'000	30 June 2020 $'000
Contract liabilities	2,362	1,989

The reconciliation of the values at the beginning and end of the current and previous financial period are set out below:

	30 June 2021 $'000	30 June 2020 $'000
Balance at the beginning of the period	1,989	705
Acquired from business combinations	-	35
Decrease due to revenue recognised from performance obligations satisfied	(1,989)	(703)
Invoices raised for work performed but not yet recognised	2,362	1,952
Balance at the end of the period	2,362	1,989

14 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in joint ventures and associates are accounted for using the equity method and are measured in the statement of financial position at cost adjusted for the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Goodwill relating to associates and joint ventures is included in the carrying amount of the investment.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

If the carrying amount of the equity accounted investment exceeds its recoverable amount, it is written down to the latter. When the Group's share of accumulated losses in an associate or joint venture equals or exceeds its carrying value, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture

The requirements of NZ IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with NZ IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Carrying amount of joint ventures and associates	**30 June 2021** $'000	**30 June 2020** $'000
Carrying amount at the beginning of the period	628	3,440
Impact of changes in carrying amount as a result of NZ IFRS 16	-	(49)
	628	3,391
New investment in joint ventures and associates	335	1,118
Reduction in investments due to business combinations	-	(3,517)
Equity earnings/(losses) from associates and joint ventures	(474)	(618)
Other gains/(losses) related to associates and joint ventures	344	257
Currency translation	-	(3)
	833	628

Investment by joint venture or associate	**30 June 2021** $'000	**30 June 2020** $'000
Datagate Innovation Limited	833	628
	833	628

(a) Joint ventures and associates

The Group's joint venture and associates at 30 June 2021 are set out below. The country of incorporation or registration is New Zealand, their principal places of business are New Zealand and North America.

Name of Entity	**Country of incorporation**	**Principal Activity**	**Percentage ownership** **30 June 2021**	 **30 June 2020**
Datagate Innovation Limited	New Zealand	Software sales	32.02	33.50

14 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summary financial information

Datagate Innovation Limited	30 June 2021 $'000	30 June 2020 $'000
Net assets	606	557
Proportion of the Group's ownership interest in the equity accounted investment	194	187
Goodwill	639	441
Carrying amount of the Group's interest in the equity accounted investment	833	628

Summary of joint venture's financial statements	30 June 2021 $'000	30 June 2020 $'002
Assets and liabilities of joint ventures are as follows:		
Current assets	1,132	747
Non-current assets	117	377
Current liabilities	(283)	(282)
Non-current liabilities	(360)	(285)
	606	557
Results of equity accounted investment	12 mths $'000	15 mths $'000
Revenue	1,481	1,160
Losses after taxation	(1,434)	(1,740)
Total comprehensive income	(1,434)	(1,740)
Group share of loss	(474)	(603)
The Enprise group recorded the following within its statement of comprehensive income for the period related to Datagate		
Gain on dilution	344	257
Share of operating loss	(474)	(603)
Total recognised within the group's profit	(130)	(346)

Other key financial information	30 June 2021 $'000	30 June 2020 $'002
Balance sheet		
Cash and cash equivalents	879	533
Trade and other receivables	238	193
Trade and other creditors	(118)	(209)
Property, plant and equipment	27	19
Intangible assets	90	358
Profit and loss		
Depreciation and amortisation	245	476
Interest income	-	-

Datagate Innovation Limited (Datagate) is a software company which provides online billing solutions for telecommunication services and other usage based services. Datagate has been involved in a number of capital raising events including in December 2020 where the Group acquired an additional 152,290 shares but was diluted. As a direct result of the capital raising the Group has recognised a gain on dilution of $224,495 (last year: $256,605). Additional shares issued on 31 March 2021 further diluted Enprise's shareholding resulting in an additional gain on dilution of $119,226.

Datagate is a limited liability company whose legal form confers separation between the shareholders and the company itself. Datagate is governed by a Shareholder Agreement. The Shareholders Agreement states that at least 75% of the board of directors are required to approve all relevant activities. Up to March 2021, Enprise had the ability to appoint one out of three directors and therefore previously had joint control. Furthermore, the parties to the joint arrangement have rights to the net assets of the arrangement on wind up. As a result of an additional director being appointed to the Board in March 2021, Enprise is no longer considered to have joint control, but retains significant influence over this investment. The investment remains accounted for under the equity method however.

The Board is comfortable that there is no impairment to the carrying value of Datagate due to external investment continuing to be received. The last capital raise in March 2021 was at $2.20 per share valuing Datagate at $13,811,386. Enprise's shareholding at $2.20 per share would have an implied value of $4,422,873 which would be substantially higher than the carrying value. If the Board decided to liquidate this asset the recovery is expected to be significantly higher than the carrying value.

15 INVESTMENTS IN OTHER ENTITIES

The Group has made a decision to adopt NZ IFRS 9 to measure the equity investment in Vadacom Holdings Limited at fair value through other comprehensive income (FVOCI).

Management continues to hold the assets for the medium to long term and the assets are therefore recognised as non-current. The Group revalued the investments at fair market value at the end of the financial year.

Carrying amount of investments in other entities	**30 June 2021** $'000	**30 June 2020** $'000
Carrying amount at the beginning of the year	813	593
Changes in fair value of other investments	23	220
Share buy back	(149)	-
	687	813

	30 June 2021 $'000	**30 June 2020** $'000
Vadacom Holdings Limited	687	813

Vadacom Holdings Limited
In November 2017 the Group acquired a 6.49% shareholding in Vadacom Holdings Limited, a cloud based VOIP phone and virtual PABX provider. Subsequent dilution of shares since acquisition has resulted in a reduction of Enprise's shareholding to 6.23% at balance date.

During the year Vadacom Limited purchased back shares through a share buy back. Enprise considers this repayment a recovery of part of the cost of the investment. A portion of the buyback has been deferred and is shown as a related party loan (refer note 22(e)).

At 30 June 2021 the shares in Vadacom Holdings Limited have been independently valued at $14.75 (last year: $14.25) resulting in a gain of $23,273 (last year: $219,631). This gain has been recognised as other comprehensive income.

The table below summarises the quantitative information about the significant unobservable inputs used in this level 3 fair value measurement.

Unobservable inputs	**Range of inputs** **2021**	 **2020**	**Relationship of unobservable inputs to fair value**
Recurring revenue ($'000)	2,555	2,500	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 5% would increase fair value by $76,930 (last year: 4%; $62,380). Lowering each of the above inputs by 5% would decrease fair value by $73,170 (last year: 4%;$59,940).
Non recurring revenue ($'000)	1,011	1,353	
Recurring revenue multiple	4.32x	4.20x	
Non recurring revenue multiple	1.0x	1.0x	

16 PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. The cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation on fixed assets is calculated using the diminishing value method to allocate their costs, net of their residual values over their estimated useful lives as follows:

Computer equipment	20-50%
Furniture and fittings	10-50%
Office equipment	10-50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

	Computer equipment	Furniture and fittings	Office equipment	Total
	$'000	$'000	$'000	$'000
At 1 April 2019				
Cost	214	182	88	484
Accumulated depreciation	(179)	(145)	(77)	(401)
Net book value	35	37	11	83
Period ended 30 June 2020				
Opening net book value amount	35	37	11	83
Additions through business combinations	137	103	11	251
Additions	43	-	4	47
Reclassifications	4	-	(4)	-
Depreciation charge	(67)	(32)	(5)	(104)
Foreign exchange gain/(loss)	4	3	-	7
Closing net book value	156	111	17	284
As at 30 June 2020				
Cost	396	289	100	785
Accumulated depreciation	(240)	(178)	(83)	(501)
Net book value	156	111	17	284
Year ended 30 June 2021				
Opening net book value amount	156	111	17	284
Additions	215	4	28	247
Disposals	(1)	-	-	(1)
Depreciation charge	(113)	(22)	(11)	(146)
Foreign exchange gain/(loss)	-	-	-	-
Closing net book value	257	93	34	384
As at 30 June 2021				
Cost	610	293	128	1,031
Accumulated depreciation	(353)	(200)	(94)	(647)
Net book value	257	93	34	384

17 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid above the fair value of the net identifiable assets, liabilities and contingent consideration acquired.

Goodwill is assessed as having an indefinite useful life and is not amortised but is subject to impairment testing annually or whenever there are indications of impairment.

For the purpose of impairment testing, goodwill has been allocated to the cash-generating units (CGU). The impairment test is based on an estimated discounted cash flow analysis (value in use). Estimated future cash flow projections are based on the Group's five-year business plan for the business units.

Customer relationships

Customer relationship costs are carried at cost (being assessed from value on acquisition) less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 5 years. The amortisation has been recognised in the statement of comprehensive income within depreciation and amortisation expense. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount. No impairment has been assessed for the current financial year (last year: nil).

Software

"In-house" developed software costs are capitalised on completion and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. Employment costs associated with developing the software are capitalised when the costs are incurred. The amount of the charges capitalised is based on the proportionate time each employee spends on developing the software.

	Software	Customer relationships	Goodwill	Total
	$'000	$'000	$'000	$'000
At 1 April 2019				
Cost	-	329	1,626	1,955
Accumulated amortisation and impairment	-	(260)	-	(260)
Net book value	-	69	1,626	1,695
Period ended 30 June 2020				
Opening net book value amount	-	69	1,626	1,695
Additions through business combinations	2,643	893	5,747	9,283
Additions	-	19	19	38
Exchange differences	(12)	19	121	128
Amortisation charge	(22)	(162)	-	(184)
Closing net book value	2,609	838	7,513	10,960
At 30 June 2020				
Cost	2,631	1,260	7,513	11,404
Accumulated amortisation and impairment	(22)	(422)	-	(444)
Net book value	2,609	838	7,513	10,960
Year ended 30 June 2021				
Opening net book value amount	2,609	838	7,513	10,960
Additions	273	-	-	273
Exchange differences	24	4	25	53
Amortisation charge	(273)	(203)	-	(476)
Closing net book value	2,633	639	7,538	10,810
At 30 June 2021				
Cost	2,928	1,264	7,538	11,730
Accumulated amortisation and impairment	(295)	(625)	-	(920)
Net book value	2,633	639	7,538	10,810

17 INTANGIBLE ASSETS (CONTINUED)

Significant intangible assets held are as follows:

	Carrying amount $'000	Remaining amortisation period
Customer relationships - Kilimanjaro Consulting Pty Limited	525	42 months
Customer relationships - iSell Pty Limited	93	47 months
ITQuoter software	2,633	107 months

The carrying amounts of goodwill allocated to the cash generating units are outlined below:

	30 June 2021 $'000	30 June 2020 $'000
Enterprise Division - New Zealand	1,227	1,227
Enterprise Division - Australia	5,304	5,283
iSell	1,007	1,003
	7,538	7,513

The Enterprise Division was tested for impairment on a value in use basis, based off the 2022 financial year budget and applying the following key assumptions used in determining the future cash flows from each CGU over the next 5 years are as follows.

Enterprise Division	New Zealand %	Australia %
Revenue growth rate (next 5 years)	2.50%	2.50%
Discount rate (next 5 years)	18.80%	18.80%

It is assumed that cost increases consistent with growth rates except for increases in staff numbers required to support the growth in customer numbers.

Management has performed sensitivity analysis on the Enterprise Division key assumptions and believes that no reasonably foreseen possible changes in any of the above key assumptions would cause the carrying value of goodwill to be materially lower than its recoverable amount.

iSell Pty Limited

An independent assessment of the fair value of iSell was conducted at 30 June 2021, for the purpose of considering the fair value less cost of disposal of the cash generating unit. The Level 3 fair value estimate was higher than the carrying value of the iSell cash generating unit, and indicated a fair value of $5.302m (Enprise's 71.1% share is $3.770m). A fair value of less than $4.733m would indicate impairment, including allowance for costs of disposal and non-controlling interests share of goodwill.

The table below summarises the quantitative information about the significant unobservable inputs used in this level 3 fair value measurement.

Unobservable inputs	Range of inputs 2021	2020	Relationship of unobservable inputs to fair value
Recurring revenue (AU$'000)	821	740	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 5% would increase fair value by $366,300 (last year: $226,090). Lowering each of the above inputs by 5% would decrease fair value by $350,330 (last year: $215,060).
Non recurring revenue (AU$'000)	76	81	
Recurring revenue multiple	5.635x	5.375x	
Non recurring revenue multiple	1x	1x	

18 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, and any initial direct costs incurred by the lease.

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. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

The Group's right-of use assets consist only of property leases which up until 31 March 2019 were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a lease liability at the lease commencement date.

	Property $'000	Total $'000
At 1 April 2019		
Cost	767	767
Accumulated depreciation	(649)	(649)
Net book value recognised on 1 April 2019	118	118
Period ended 30 June 2020		
Opening net book value amount	118	118
Additions	1,075	1,075
Acquisitions from business combinations	1,058	1,058
Exchange differences	17	17
Depreciation charge	(417)	(417)
Closing net book value	1,851	1,851
At 30 June 2020		
Cost	2,167	2,167
Accumulated amortisation and impairment	(316)	(316)
Net book value	1,851	1,851
Year ended 30 June 2021		
Opening net book value amount	1,851	1,851
Additions	448	448
Exchange differences	(4)	(4)
Depreciation charge	(727)	(727)
Closing net book value	1,568	1,568
At 30 June 2021		
Cost	2,147	2,147
Accumulated amortisation and impairment	(579)	(579)
Net book value	1,568	1,568

The sale of the Walker Street, Sydney office building to a new landlord presented an opportunity to renegotiate and relinquish a portion of the occupancy. The new lease commenced on 1 February 2021 and is for 24 months.

19 BORROWINGS

Cash on hand and at bank

Cash and cash equivalents in the statement of financial position are comprised of cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and at bank.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the net proceeds and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	30 June 2021	**30 June 2020**
	$'000	$'000
Current cash on hand / (borrowings)		
Cash on hand and at bank	2,806	3,169
Bank borrowings	-	(347)
Other borrowings	(50)	-
	2,756	2,822
Non-current borrowings		
Bank borrowings	-	(94)
Other borrowings	-	(44)
Non-current borrowings	-	(138)
Net cash on hand	2,756	2,684

(a) Summary of borrowing arrangements

The bank loans owing to ASB and CBA were repaid in full during the year. Previous overdraft facilities with CBA and ASB have also been relinquished during the year.

The Bank of New Zealand (BNZ) has provided the following facilities to Enprise Group Limited:
- An overdraft facility of $1,000,000
- A commercial loan of $2,000,000 of which $1,815,590 is available to redraw at 30 June 2021

Neither the loan or overdraft facility has been drawn on at balance date.

The Group acquired historical unsecured borrowings and amounts owing to third parties on the acquisition of iSell Pty Limited. Those outstanding at balance date are as follows:
- An interest only loan of AU$11,000 due to a shareholder of iSell (Bullitt Super Fund). The interest rate at 30 June 2021 is 10.9% (last year 10.9%). The loan as been repaid subsequent to year end.
- At balance date AU$35,517 remains owing to an ex employee for an original settlement on 30 June 2015 of AU$120,000. The interest rate at balance date is 5%.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities:

	Bank borrowings	**Other borrowings**	**Lease Liabilities**
	$'000	$'000	$'000
Balance as at 1 April 2019	635	-	-
Adoption of IFRS16	-	-	157
Acquisitions from business combinations	152	135	-
Non-cash changes		(27)	2,140
Financing cash flows	(350)	(65)	(415)
Exchange differences	4	1	1
Balance as at 30 June 2020	**441**	**44**	**1,883**
Non-cash changes	-	8	437
Financing cash flows	(441)	(2)	(656)
Exchange differences	-	-	(5)
Balance as at 30 June 2021	-	50	1,659

20 LEASE LIABILITIES

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

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

	30 June 2021	30 June 2020
	$'000	$'000
Lease liabilities	1,659	1,883
Classified as		
Current	572	704
Non-current	1,087	1,179
	1,659	1,883

(a) Remaining contractual cash flows

Maturity analysis of the contractual undiscounted cash flows are as follows:

	30 June 2021	30 June 2020
	$'000	$'000
Not later than one year	642	815
Later than one year but not later than 5 years	938	891
Later than 5 years	326	498
	1,906	2,204

(b) Amounts recognised in statement of comprehensive income

	30 June 2021	30 June 2020
	12 mths $'000	15 mths $'000
Interest on lease liabilities	106	50
Expenses relating to short term leases	63	58
	169	108

(c) Amounts recognised in statement of cash flows

Cash outflows recognised within cash flows from operating activities	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Interest element of lease payments	106	50
Cash outflows recognised within cash flows from financing activities		
Principal elements of lease payments	656	415

(d) Critical accounting judgements and estimates

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 Group'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 Group 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 Group 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.

21 EQUITY

(a) Share capital

Share capital comprises of ordinary shares only. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

Contributed equity - ordinary shares	Number of authorised shares 30 June 2021 shares	Number of authorised shares 30 June 2020 shares	Share capital 30 June 2021 $'000	Share capital 30 June 2020 $'000
Opening ordinary shares	15,900,895	9,577,570	10,749	6,566
Issue of ordinary shares - Kilimanjaro acquisition	-	2,854,649	-	2,147
Issue of ordinary shares - iSell share swap	-	1,197,234	-	900
Issue of ordinary shares - Rights issue	-	2,271,442	-	1,136
Issue of ordinary shares - Dividend reinvestment plan	256,804	-	261	-
	16,157,699	15,900,895	11,010	10,749

On 23 October 2020, 150,693 shares were issued under the dividend reinvestment plan at $1.0378 per share. On 16 March 2021, 106,111 shares were issued under the dividend reinvestment plan at $0.9883 per share.

(b) Dividends

	30 June 2021 cents per share	30 June 2020 cents per share	30 June 2021 $'000	30 June 2020 $'000
Final dividend for the period ended 30 June 2020	2.00	-	318	-
Interim dividend for the period ended 30 June 2021	2.00	-	321	-
	4.00	-	639	-

On 24 August 2021 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 30 June 2021. The dividend has been paid at a rate of 2.5 cents per share for all shares on issue at 7 September 2021. No shares have been issued under the dividend reinvestment plan. No imputation credits are available to be attached.

22 RELATED PARTY TRANSACTIONS

(a) Interest in other Entities

The Group's principal subsidiaries are set out in note 1(d). Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group. The country of incorporation or registration is also their principal place of business.

(b) Ultimate Parent

The ultimate parent entity and controlling party is Enprise Group Limited. The Parent is domiciled in New Zealand.

(c) Transactions with Related Parties

During the period, the Group entered into the following trading transactions with related parties.

Name of Entity	Sale of services 30 June 2021 $'000	Sale of services 30 June 2020 $'000	Purchase of services 30 June 2021 $'000	Purchase of services 30 June 2020 $'000
Kilimanjaro Consulting Pty Limited**	n/a	321	n/a	46
Vadacom Limited*	12	7	-	-
Next Telecom*	-	-	25	102
iSell Pty Limited***	n/a	107	n/a	-
Nicholas Paul (Director) - consultancy fees (see note 22(f))	-	-	180	135
	12	435	205	283

** Vadacom Limited and Next Telecom Limited are subsidiaries of Vadacom Holdings Limited*

*** The related party transactions for the previous period are up to the date of acquisition (1 January 2020)*

**** The related party transactions for the previous period are up to the date of acquisition (27 May 2020)*

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances arising from sales/purchases of goods and services

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

Name of Entity	Amounts owed by related parties 30 June 2021 $'000	Amounts owed by related parties 30 June 2020 $'000	Amounts owed to related parties 30 June 2021 $'000	Amounts owed to related parties 30 June 2020 $'000
Next Telecom Limited	-	-	3	52
Vadacom Limited	3	-	-	-
The Sales Factory (Nicholas Paul)	-	-	17	-
	3	-	20	52

(e) Loans to/from related parties

The following balances are outstanding at the end of the reporting period.

Name of Entity	Amounts owed by related parties 30 June 2021 $'000	Amounts owed by related parties 30 June 2020 $'000	Amounts owed to related parties 30 June 2021 $'000	Amounts owed to related parties 30 June 2020 $'000
Vadacom Limited	87	-	-	-
	87	-	-	-
Current	-	-	-	-
Non-Current	87	-	-	-
	87	-	-	-

(f) Key management personnel

Key management compensation to directors of the group was as follows:

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
Salaries, bonuses and commissions	438	377
Superannuation	22	10
Consultancy fees	180	135
Directors' fees	90	112
	730	634

Key management did not receive any termination benefits during the period (last year: nil).

Key management did not receive and are not entitled to receive any post-employment or long term benefits (last year: nil).

Shares issued to directors/related party interests in relation to the business combination in the prior period are as follows:

	$'000	Shares
Kilimanjaro put option (1 January 2020)		
Red Cow Investments Pty Limited*	1,151	1,530,522
iSell Share swap (1 January 2020)		
Nightingale Partners Pty Limited**	450	598,617

**Related party to Ronald Baskind*

***Related parties to Lindsay Phillips*

(g) Directors' fees

Directors received director's fees as detailed below:

	30 June 2021 12 mths $'000	30 June 2020 15 mths $'000
L Phillips	40	50
G Cooper	-	-
N Paul	25	31
R Baskind	-	-
M Fong	25	31
	90	112

23 SUBSIDIARIES WITH NON CONTROLLING INTERESTS

iSell Pty Limited

Enprise Group Limited consolidates 100% of iSell's results and presents the portion of profit/(loss) and other comprehensive income attributable to a non-controlling interest (NCI).

Enprise Group Limited acquired a controlling stake in iSell on 27 May 2020. Equity was also introduced by other non-controlling interests amounting to NZ$492,000 which resulted in a non-controlling interest percentage of 49.18% at 30 June 2020. Purchase of shares from non controlling interests on 30 November 2020 and the rights issue on 1 March 2021 both increased Enprise's shareholding in iSell, ultimately resulting in a non-controlling interest percentage of 28.86% at 30 June 2021.

Transactions with non-controlling interests recognised in equity	**Attributable to the parent**	**Non-controlling interests**	**Total**
	$'000	$'000	$'000
Purchase from non-controlling interests	(155)	(421)	(576)
Rights issue	228	(83)	145
Total transactions with non-controlling interests	73	(504)	(431)

(a) Summary of financial position

	30 June 2021 12 mths $'000	**30 June 2020** 1 mth $'000
Assets		
Cash and cash equivalents	620	472
Trade and other receivables	107	118
Contract assets	36	14
Staff receivables	74	60
Property plant and equipment	21	19
Intangible assets	3,732	3,728
Right-of-use assets	82	142
Other non-current assets	28	-
Total assets	4,700	4,553
Liabilities		
Trade and other payables	(288)	(276)
Contract liabilities	(143)	(72)
Provisions	(299)	(302)
Borrowings	(50)	(44)
Lease liabilities	(79)	(134)
Related party payable	(274)	(259)
Total liabilities	(1,133)	(1,087)
Net assets	3,567	3,466

(b) Summary of financial performance

	30 June 2021 12 mths $'000	**30 June 2020** 1 mth $'000
Revenue from contracts with customers	865	169
Net profit/(loss)	(1,027)	23
Other comprehensive income	-	-
Total comprehensive income/(loss)	(1,027)	23

	30 June 2021 *49.18% - 28.86%* 12 mths $'000	**30 June 2020** *49.18%* 1 mth $'000
Total comprehensive income/(loss) attributable to NCI	(326)	23

(c) Summary of statement of cash flows

During the year iSell Pty Limited incurred total operating cash outflows of $605,000, total investing outflows of $277,000 and total financing inflows of $1,030,000.

24 CASH FLOW RECONCILIATION

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

Reconciliation of net profit to net cash flows from operations:	30 June 2021 $'000	30 June 2020 $'000
Profit for the period	772	1,359
Adjustments for:		
Depreciation on property plant and equipment	146	104
Depreciation on right-of-use assets	727	417
Amortisation on intangible assets	476	184
Net loss/(gain) on foreign exchange	10	(60)
Release of fit out loan	-	(19)
Impairment loss on trade receivables	-	24
Share of loss from equity accounted investments	130	276
Movement in deferred tax	(402)	(580)
Loan issued in exchange for services	-	(285)
Movements in working capital		
(Increase)/decrease in trade and other receivable	78	(1,629)
(Increase)/decrease in contract assets	(67)	(350)
(Increase)/decrease in income taxes receivable	(1)	1
Increase/(decrease) in trade and other payables	(232)	1,777
Increase/(decrease) in provisions	205	1,268
Increase/(decrease) in contract liabilities	373	1,284
New working capital assumed on acquisition	-	(1,110)
Net cash inflow from operating activities	2,215	2,661

25 CONTINGENT LIABILITIES

There were no material contingent liabilities or assets at balance date (last year: nil).

26 SUBSEQUENT EVENTS AFTER BALANCE DATE

Enprise Group, on behalf of the Enterprise Division has purchased the intellectual property of Very Impressive Software (VIS) which provides software products including add-on's for both MYOB Exo and MYOB Advanced. The acquisition of VIS is expected to add over $200,000 in recurring and contracted revenue. It will enhance our Enterprise Divisions product offerings to both new and existing customers.

Details of the dividend declared are disclosed in note 21(b).

The Covid lockdowns have caused some disruption to the business, however the staff are now well versed in remote working which has avoided any significant loss in productivity subsequent to balance date.

iSell Pty Limited received an immaterial claim in relation to the outstanding debt due to a former iSell employee as disclosed in note 19(a). iSell Pty Limited is vigiously defending anything above the amount already recorded as a liability.

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts and term loans. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

Funds with financial institutions are held on call or short term deposits. The majority of funds are held across three major Australasian trading banks all with a Standard and Poor's credit rating of AA-.

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Profit		Equity	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	$'000	$'000	$'000	$'000
+1% (100 basis points)	1	(4)	1	(4)
- 1% (100 basis points)	(1)	4	(1)	4

(b) Credit risk

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The carrying amount of financial assets represents the maximum credit exposure.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

Management have reviewed the customer base for industry segments based on SIC codes and have evaluated the credit risk for each segment. There are no significant concentrations of trade receivable counterparties.

(c) Liquidity risk

Liquidity risk is the risk of an unforeseen event or miscalculation in the required liquidity level that will result in the Group foregoing investment opportunities or not being able to meet its obligations in a timely manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The table below analyses the Group's financial liabilities collated/grouped into relevant maturity bands, based on the remaining period from balance date to the contractual maturity date.

Contractual maturity analysis	less than 6 mths	6 - 12 months	1 - 3 years	> 3 years	Total
30 June 2021	$'000	$'000	$'000	$'000	$'000
Trade and other payables	2,555	-	-	-	2,555
Other borrowings	12	38	-	-	50
Total	2,567	38	-	-	2,605

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity analysis	less than 6 mths	6 - 12 months	1 - 3 years	> 3 years	Total
30 June 2020	$'000	$'000	$'000	$'000	$'000
Trade and other payables	2,787	-	-	-	2,787
Term loan	279	212	102	-	593
Other borrowings	3	1	42	1	47
Total	3,069	213	144	1	3,427

(d) Financial instrument classification

Financial assets	30 June 2021	30 June 2020
	$'000	$'000
Financial asset at fair value through other comprehensive income	687	813
Amortised Cost		
Cash and cash equivalents	2,806	3,169
Trade receivables (excluding prepayments)	2,631	2,675
Staff and related party receivables	193	103
	6,317	6,760

Financial liabilities at amortised cost	30 June 2021	30 June 2020
	$'000	$'000
Trade and other payables	2,555	2,787
Borrowings	50	44
	2,605	2,831

(e) Foreign currency risk

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (predominantly in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material.

Enprise Group Limited

Corporate Information
for the year ended 30 June 2021

Company Information	New Zealand company number	1562383
	ARBN (Australian Registered Body Number)	125 825 792
	ABN (Australian Business Number)	41 125 825 792

Contact Details

New Zealand
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061
PO Box 62262
Sylvia Park
Auckland 1644
Phone: +64 9 829 5500
Fax: +64 9 829 5501

Principal place of business
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061
Phone: +64 9 829 5500

Registered office
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061

Australia
Level 4, 122 Walker Street
North Sydney
NSW 2060
Phone: +61 2 8355 7055
Fax: +61 2 8355 7045

Principal place of business – Australia
Level 4, 122 Walker Street
North Sydney, NSW 2060

Internet address www.enprisegroup.com
Email info@enprisegroup.com

Directors

George Cooper	Chief Executive Officer
Lindsay Phillips	Chairman
Nicholas Paul	Non-executive Director
Ronald Baskind	Executive Director
Marisa Fong	Non-executive Director

Share Register

Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland, New Zealand
Phone: +64 9 375 5990

Enprise Group Limited shares are listed on the NZX Market

Auditor

RSM Hayes Audit

Lawyer

Hudson Gavin Martin, Auckland, New Zealand
Chapman Tripp, Auckland, New Zealand

Principal Bankers

BNZ Bank Limited, Auckland, New Zealand

RSM Hayes Audit
PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023
T +64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the shareholders of Enprise Group Limited

Opinion

We have audited the consolidated financial statements of Enprise Group Limited and its subsidiaries (the group), which comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the consolidated financial statements on pages 7 to 38 present fairly, in all material respects, the financial position of the group as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The two key audit matters identified on the subsequent pages were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Why we considered this to be a key audit matter	How our audit addressed this key audit matter
As described in note 3 to the financial statements, the group's revenue arises from a variety of licencing, implementation, and support services arrangements. The specifics of these arrangements differ across the group, with different recognition requirements applying the distribution of MYOB and other third-party licences, the provision of support and implementation services, sale of licences by I-Sell. International Standards on Auditing presume there is an inherent risk of fraud in revenue recognition. Revenue may also be misstated due to errors in calculations or manual processes used to recognise revenue, particularly when the timing of recognition differs from when the group's customers are invoiced. Because of the complexity of the accounting requirements and variety of revenue types across the group we consider this to be a key audit matter.	We understood and evaluated the controls and processes over the recording of revenue, including the raising of invoices through to the collection of debtors, and the timing of recognition of revenue. We obtained and considered a sample of contracts to ensure that the group's policy for the point of recognition was in compliance with the requirements of NZ IFRS 15 *Revenue from contracts with customers.* We tested a sample of revenue transactions throughout the period, and particularly around year end, to ensure that these have been appropriately recognised. The extent of our work was greatest in relation to software licence revenue and services and support revenue, being the two largest revenue streams of the group. For services and support revenue, we tested the recognition relative to the current status of the related project at period end and related invoicing completed to date. For MYOB software licences arranged we ensured that the licence had been issued prior to the related revenue being recognised. We also evaluated the disclosures provided in relation to revenue within note 3 to the financial statements.

Testing of non-current assets for potential impairment	
Why we considered this to be a key audit matter The group has recognised $10,810,000 of goodwill and other intangible assets as at 30 June 2021 as detailed in Note 17. An annual impairment test is required under NZ IAS 36 *Impairment of Assets*. The testing of the carrying value of the group's assets for impairment involves subjective assumptions and the application judgment in calculating the estimated recoverable amount of each cash generating unit (CGU), in order to determine whether impairment is required. A value in use calculation was used to test the Enterprise division's cash generating units for impairment. Key considerations in respect of the Enterprise division include: • Determining the allocation of both assets and cashflows (including corporate costs) across the group's CGUs; • Accuracy of cashflow forecast information given the current operating environment; • Determining appropriate discount rates to apply in determining the recoverable amount of each CGU. A fair value less cost of disposal approach is used to test the Isell CGU for impairment. Key considerations in determining the recoverable amount of the Isell CGU include the selection of an appropriate valuation method. Enprise Group Limited used a valuation estimate based primarily on a revenue multiple approach, under which the selection of an appropriate revenue multiple is a key judgment. The impairment testing is considered to have a high degree of inherent estimation uncertainty, as small changes in assumptions can have a very significant impact on the assessed recoverable amount.	**How our audit addressed this key audit matter** Our procedures in relation to the impairment testing of the group's cash generating units (CGU) included: • Evaluating the basis of the allocation of assets and cashflows to CGUs within the group; • Understanding and evaluating the process used to develop the cashflow forecasts and valuation models used for the purposes of impairment testing; • Assessing the group's past performance in achieving forecast results; • Comparing and critiquing the assumptions and cash flow models utilised in the Enterprise Division value in use testing, including expectation of future revenue growth and margin levels; • Evaluating how allowance for the current uncertain economic conditions have been incorporated into the forecasting and impairment testing; • Considering the discount rate and revenue multiple utilised to our own expectations; • Reperformed the calculations based on assumptions made; and • Performing sensitivity analysis for reasonable possible changes in key assumptions. We evaluated the related disclosures within the financial statements in relation to the requirements of NZ IAS 36.

Other information

The directors are responsible for the other information included in the annual report. The other information comprises the director’s report on pages 2 to 6 and the corporate information on page 39 (but does not include the consolidated financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs (NZ) 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 decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

Who we report to

This report is made solely to Enprise Group Limited's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Enprise Group Limited and it's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jason Stinchcombe.

RSM

RSM Hayes Audit 28 September 2021
Auckland