Enprise Group Limited

Annual Report and Financial Statements

for the year ended 30 June 2022

Enprise Group Limited

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Enprise Group Limited

Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2022.

Principal activities

Enprise Group Limited (Enprise) has two operating divisions;
- Kilimanjaro Consulting, a solution provider for MYOB Enterprise software in Australia and New Zealand
- 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 & Europe, 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 31.95% 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 2,300,674 shares at AUD $0.38 per share in March 2022 and acquired an additional 192,849 iSell shares during the year from other iSell shareholders. At year end Enprise held 75.03% of all iSell shares.

Enprise advanced $500,000 on 20 December to Datagate as part of a $1.5M convertible note offering. The loan will be converted into shares automatically on the date of a capital raise or at other events as disclosed in the notes to the accounts.

Review of operations and outlook

Kilimanjaro Consulting

Kilimanjaro Consulting exceeded the revenue growth expectations, achieving 16% for the financial year. Growth in contracted and recurring revenue was 20.5%. Significant challenges with MYOB's entry directly into our market and more businesses competing for scare resources have put pressure on our margins. Management is implementing plans to restore margins including a strategic review of operations and suppliers.

	2022	2021
Recurring revenue	3.897M	3.321M
Contracted revenue	3.325M	2.645M
Total recurring and contracted revenue	7.222M	5.966M

The Covid-induced rapid change in demand for skilled resources required an immediate response, in order to retain and further grow the exceptional skills developed over the past 20 years. As a professional services consultancy, our people are our greatest asset, and therefore also our greatest cost. We aspire to being an “Employer of Choice”, which includes positioning our remuneration in the top quartile. The time lag between increasing remuneration and passing these increased costs on to clients under contract in a tough trading environment, has significantly hurt the bottom line. The pricing model has now been revised and the coming months will see a continued recovery of margins in the consulting practice. Kilimanjaro has been able to maintain productivity levels with a hybrid model of working from home and working from the office. The team has now grown to over 120 people, under our “One Company – One Team – One Brand” banner.

A restructuring of the support teams, and a focus on our #ClientFirst initiative has seen customer satisfaction ratings improve significantly, to be best practice. This enables us to align our pricing with our positioning in the market: A premium provider, with high perceived value. There is a continuing trend to move to cloud-based software. Our experience integrating Exo on-premise software with cloud solutions gives our Exo clients a pathway to transition to the cloud, as and when they choose. Our Exo Hosted option supports those who wish to remain on Exo, but move to the cloud. For those looking for a cloud-native environment, the Acumatica / MYOB Advanced product is certainly best of breed.

Future Direction

Kilimanjaro's large and stable core of loyal existing clients look to us, as their trusted advisor, for efficiency improvements through technology. Our access to cutting-edge technology through our partnership with MYOB and other connected service providers, allows us to fulfil this role successfully. Operating as One Company – One Team- One Brand across Australia and New Zealand is realising synergies and improving our own efficiency. This has required a large investment over the past year, and 12 internal projects have been completed to provide a platform for improved profitability and continued growth. The future strategic direction will be largely dictated by the final resolution we reach with our dispute with MYOB, as referenced in the announcement to the NZX on 1st August 2022 and Note 26. Pending a satisfactory resolution of the MYOB dispute, we intend to remain the best Exo partner in the Channel, and at the same time rapidly build the MYOB Advanced side of the business. Diversification is being considered as a strategy.

iSell

Annual recurring revenue (ARR) has increased to $1.04 million (up 36%). Total revenue $1.09 million (up 26%). Enprise currently owns 75% of iSell. During the year iSell achieved its first case study in the USA this year and has just received formal Avalara (USA Sales Tax) certification, these are significant milestones for ramping up entry into the USA market.

The current focus is on simplifying the on boarding process to empower new customers to perform more self service. On line help has been released during the year with in excess of 200 supporting videos. Integrations with up and coming PSA tools, Halo and Ingram Cloud Blue have been developed and further functionality will be added during the next financial year.

The integration with Datagate has been completed which will enable further synergies between the companies.

Datagate

Enprise Group's associate, Datagate Innovation Ltd (Datagate) grew its annual recurring revenue (ARR) to over $2.4 million, an increase of 49%. Growth in the USA was 65%. Datagate continues to be in high growth mode and is keeping its focus on growing revenue and market share. Enprise participated in the convertible note round in December 2021, Enprise took up $0.5 million of the total issue of $1.55 million.

Vadacom

Vadacom Holdings Ltd (Vadacom)'s ARR and contracted revenue was $2.56 million for the year ended 31 March 2022. The recently released new cloud PBX phone system 'Next Voice' functionality continues to expand to support new and existing customers directly and through resellers. As a result of an draft independent valuation of Vadacom, Enprise Group realised a $0.06 million decrease in the carrying value of this investment in the period.

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

George Cooper - Director
Chief Executive Officer - Enprise Group
6 October 2022

Ronald Baskind - Director
Chief Executive Officer - Kilimanjaro Division
6 October 2022

Enprise Group Limited

Our Businesses

Kilimanjaro Consulting is MYOB's number one partner in Australia and New Zealand and is the leading trans-Tasman provider of solutions based on the MYOB Advanced and MYOB Exo software platforms. It offers a companion product range to extend the power and functionality of MYOB Advanced and MYOB Exo. Kilimanjaro hosts, implements, integrates, manages and supports all of the software it sells. Kilimanjaro services clients in a range of industries through branches in Australia and New Zealand

iSell is a primary provider of business systems to the IT Reseller market. iSell databases contain over 4.5 million products representing more than 2000 vendors available from 100+ distributors. The products are sent automatically to hundreds of IT Resellers daily, across Australia, New Zealand, UK & Europe, South Africa and USA.

Datagate offers one-stop SaaS telecom billing. Datagate has everything required to make billing telecommunications easy, quick, profitable and compliant, in a single SaaS package. The Datagate online billing portal enables IT Managed Service Providers (MSPs) to bill telecom services optimally at minimal time and cost. Datagate is the online billing portal that integrates with software that's important to MSPs, including ConnectWise and other professional services automation software, tax engines and popular accounting systems like QuickBooks and Xero.

Vadacom specialises in phone system software development and unified communications solutions for Australian and New Zealand businesses. Vadacom is one of New Zealand's leading developers of open source technology and Voice over IP (VoIP) based IP telecoms solutions to businesses of all sizes.

Enprise Group Limited

Board of Directors

Elliot Cooper is CEO of the Enprise Group. He is also co-founder and Executive Director of Enprise Group, and formerly held the Enprise Group CFO role.

In addition to his financial expertise Elliot has extensive experience in the financial software business. He is a qualified accountant with deep experience in financial accounting and financial controller roles.

Elliot was one of the original creators of Exonet Finance (now renamed MYOB Exo), alongside Mark Loveys. Like Mark, Elliot has been involved with the product every step of the way since its inception at PC Direct in the 1990s.

Marisa Fong is Enprise Group's Chairperson of the Board. Marisa co-founded The Madison Group in 1998, successfully growing it to become New Zealand's largest privately owned recruitment company. Having won numerous awards, The Madison Group was acquired in 2013 by listed public company AWF, in a textbook deal that set a precedent for the industry.

Marisa has created a portfolio of angel investments and supports causes close to her heart. She is currently an Advisory Board member for EightyFour Recruitment; Interim Chair of Auckland Marine Rescue Centre Trust; is Chair of Simplicity, a not for-profit low fees KiwiSaver Fund; and is an Executive Judge for New Zealander of the Year. Marisa was inducted into the New Zealand Hall of Fame for Women Entrepreneurs in October 2020.

Ronnie Baskind is an Enprise Group Executive Director. He has more than 30 years' experience as an entrepreneur, management consultant, senior executive, director and agribusiness professional. Ronnie is CEO of the Enprise Group division of Kilimanjaro Consulting.

Ronnie's diverse background, combined with strong analytical and facilitation skills, has given him a deep insight into businesses across most industry sectors and in various stages of development. Ronnie is the founder of Kilimanjaro Consulting Pty Limited, Australia's largest implementer of MYOB's enterprise-level business management solutions.

Lindsay Phillips is an Enprise Group Non-Executive Director. He has been involved in private equity for over 30 years, commencing in 1987 with M.J.H. Nightingale & Co. Limited in London/New York and subsequently Australia since 1995. Lindsay's experience includes seven years (1980-87) with Price Waterhouse and twenty-six years in investment banking/private equity in the United Kingdom, Europe, USA and Australia including five years (2007-12) as Managing Director of Lazard Australia Private Equity. Lindsay is currently Managing Director of two investment funds – Phoenix Development Fund and Nightingale Partners – focused on providing patient expansion capital to family companies. He serves as a Director of most of the companies in which the funds are invested.

Nick Paul is an Enprise Group Non-Executive Director. He is an accomplished senior leadership professional with over 30 years of achievement and success driving sales growth in highly competitive technology related markets.

With over 20 years' experience in the Telco industry Nick has held senior Sales and Distribution roles in Vodafone and Spark. More recently as CEO of Leading Edge Communications – Spark's largest channel partner – he has developed a strong understanding of developing sales channel models and implementation. He has recently used this knowledge to create The Sales Factory, a business consultancy helping organisations create appropriate sales and distribution strategies and channel plans for their businesses

Enprise Group Limited

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Revenue from contracts with customers	**3**	18,744	16,113
Government assistance	**4(a)**	-	753
Employee expense	**5(d)**	(15,057)	(11,806)
Other operating costs	**5(c)**	(5,501)	(4,431)
Other gains/(losses) - net	**5(a)**	32	-
Operating profit/(loss)		(1,782)	629
Equity earnings/(losses) from associates and joint ventures	**14**	(556)	(474)
Other gains/(losses) related to associates and joint ventures	**14**	8	344
Finance cost - net	**5(b)**	(90)	(129)
Profit/(loss) before income tax		(2,420)	370
Income tax benefit	**6(a)**	227	402
Profit/(loss) for the period		**(2,193)**	**772**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		155	38
Items that will not be reclassified to profit or loss			
Changes in the fair value of investments through other comprehensive income	**15**	(60)	23
Total other comprehensive income/(loss) for the period, net of tax		95	61
Total comprehensive income/(loss) for the period		**(2,098)**	**833**
Profit/(loss) for the period is attributable to:			
Non-Controlling Interest		(357)	(326)
Owners of Enprise Group Limited		(1,836)	1,098
		(2,193)	**772**
Total comprehensive income/(loss) for the period is attributable to			
Non-Controlling Interest		(357)	(326)
Owners of Enprise Group Limited		(1,741)	1,159
		(2,098)	**833**

Earnings per share from profit/(loss) for the period attributable to ordinary shareholders of the Enprise Group Limited			
Basic and diluted earnings/(loss) per share (see note 7) cents per share		(11.36)	6.85

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

Enprise Group Limited

Consolidated Statement of Financial Position
as at 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	**19**	1,546	2,806
Trade and other receivables	**8**	3,190	2,821
Contract assets	**9**	831	713
Current tax assets	**6(c)**	-	1
Total current assets		**5,567**	**6,341**
Non-current assets			
Investments in associates, joint ventures	**14**	285	833
Investments in other entities	**15**	627	687
Staff receivables		-	106
Property plant and equipment	**16**	406	384
Intangible assets	**17**	11,173	10,810
Right-of-use assets	**18**	1,340	1,568
Deferred tax asset	**6(d)**	2,197	1,960
Loans to related parties	**22(e)**	73	87
Other non-current assets	**10**	552	54
Total non-current assets		**16,653**	**16,489**
Total assets		**22,220**	**22,830**
Current liabilities			
Trade and other payables	**11**	2,963	2,555
Provisions	**12**	1,696	1,525
Contract liabilities	**13**	2,582	2,362
Current tax liabilities	**6(c)**	19	-
Borrowings	**19**	1,183	50
Lease liabilities	**20**	495	572
Total current liabilities		**8,938**	**7,064**
Non-current liabilities			
Provisions	**12**	302	181
Lease liabilities	**20**	970	1,087
Deferred tax liability	**6(d)**	656	705
Total non-current liabilities		**1,928**	**1,973**
Total liabilities		**10,866**	**9,037**
Net assets		**11,354**	**13,793**
Equity			
Share capital	**21(a)**	11,010	11,010
Foreign exchange translation reserve		351	196
Financial assets at FVOCI reserve		528	588
Retained earnings / (accumulated losses)		(696)	1,444
Equity attributable to the owners of Enprise Group Limited		11,193	13,238
Non-controlling interests	**23**	161	555
Total equity		**11,354**	**13,793**

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

George Cooper - Director
Chief Executive Officer - Enprise Group
6 October 2022

Ronald Baskind - Director
Chief Executive Officer - Kilimanjaro Division
6 October 2022

Enprise Group Limited

Consolidated Statement of Changes in Equity
for the year ended 30 June 2022

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings / (accumulated losses)	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
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	261	-	-	-	-	261
Transactions with non-controlling interests (note 23)	-	-	-	73	(504)	(431)
Total transactions with shareholders	261	-	-	(566)	(504)	(809)
Comprehensive income						
Profit 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**
Balance at 1 July 2021	11,010	196	588	1,444	555	13,793
Transactions with shareholders in their capacity as owners						
Dividends paid	-	-	-	(404)	-	(404)
Transactions with non-controlling interests (note 23)	-	-	-	100	(37)	63
Total transactions with shareholders	-	-	-	(304)	(37)	(341)
Comprehensive income						
Profit/(loss) for the period	-	-	-	(1,836)	(357)	(2,193)
Other comprehensive income/(loss)	-	155	(60)	-	-	95
Total comprehensive income net of tax	-	155	(60)	(1,836)	(357)	(2,098)
Balance at 30 June 2022	**11,010**	**351**	**528**	**(696)**	**161**	**11,354**

Enprise Group Limited

Consolidated Statement of Cash Flows
for the year ended 30 June 2022

	Note	30 June 2022	30 June 2021
		$'000	$'000
Operating activities			
Cash was provided from:			
Receipts from customers		26,154	23,855
Government assistance		4	935
Interest received		1	2
		26,159	24,792
Cash was applied to:			
Payments to suppliers & employees		26,163	22,445
Interest paid		122	132
Income tax paid		20	-
		26,305	22,577
Net cash inflow/(outflow) from operating activities	**24**	**(146)**	**2,215**
Investing activities			
Cash was provided from:			
Loans repaid by staff		-	13
Term deposits		-	100
Share buy back from other entities		-	62
Loans repaid by related parties		16	-
		16	175
Cash was applied to:			
Purchase of property, plant and equipment		181	190
Software development costs		305	272
Investment in equity accounted joint venture		-	335
Convertible note		500	-
Purchase of business		325	18
Lending to third parties		-	5
		1,311	820
Net cash inflow/(outflow) from investing activities		**(1,295)**	**(645)**
Financing activities			
Cash was provided from:			
Proceeds from bank borrowings		1,000	-
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		136	146
		1,136	146
Cash was applied to:			
Dividends paid		404	378
Purchase of shares in iSell Pty Limited from non-controlling interests		74	576
Repayment of lease liabilities		612	656
Repayment of bank borrowings		188	441
Repayment of other borrowings		12	2
		1,290	2,053
Net cash inflow/(outflow) from financing activities		**(154)**	**(1,907)**
Net increase/(decrease) in cash and cash equivalents held		**(1,595)**	**(337)**
Net foreign exchange differences		5	(26)
Cash and cash equivalents at beginning of the period		2,806	3,169
Cash and cash equivalents at end of the period	**19**	**1,216**	**2,806**

Notes to the Consolidated Financial Statements for the year ended 30 June 2022

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 2022	Percentage ownership 30 June 2021
Kilimanjaro Consulting Limited *(formerly Enprise Solutions Limited)*	New Zealand	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Pty Limited	Australia	Software sales and solutions	100.00	100.00
Enprise Australia 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	Non-trading	100.00	100.00
Team Tiger KC Limited *(formerly Kilimanjaro Consulting Limited)*	New Zealand	Non-trading	100.00	100.00
iSell Pty Limited	Australia	Software sales and solutions	75.03	71.14
iSell Philippines Inc	Philippines	Software development	75.03	71.14

(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.

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).
(g) Going concern assumption.

(i) Going concern assumption

At 30 June 2022, the Group had incurred a loss of $2.193m and had net working capital deficiency of $3.371m. In addition, the Group was operating outside of its banking covenants. The Group had prepared a budget for the 2023 year that indicated a significant improvement in performance of the Kilimanjaro division, which was expected to have enabled the Group to comply with its banking covenants for the year to 30 June 2023.

Whilst the division's year to date results are tracking behind the original 2023 budget, cost savings have been identified to mitigate the impact. However, the Group's Kilimanjaro division received notification from its key software supplier (MYOB) of a substantial adjustment to margins on MYOB Exo software transactions. The Group is disputing this as detailed in note 26. The potential impact of this is significant to the Division and Group's level of future profitability. There is therefore significant uncertainty in relation to the achievability of the group's current forecasts.

The Group requires significant improvement in profitability and cash flow generation within the Kilimanjaro division, despite the (disputed) reduction in MYOB Exo margin, to be able to operate in compliance with modified banking covenants (note 26). This cashflow generation is also required for capital investment within the group's other investments, including iSell Pty Limited. These conditions create significant doubt as to the ability of the Group to operate as a going concern.

1 BASIS OF PREPARATION (CONTINUED)

(i) Going concern assumption (continued)

In order to mitigate the risks presented to the Group, Kilimanjaro management along with the Enprise board, are currently revisiting the strategic plan of this division including diversification and a range of cost reduction measures. To satisfy the future capital investment and liquidity requirements of the Enprise Group, the board is intending a capital raise with in the next 12 months. Based on the success of previous capital raising the board is confident in its ability to raise capital in the future.

The directors consider there is a reasonable expectation the Group will have sufficient funds, in conjunction with the intended capital raise, to enable it to continue to trade for the foreseeable future and be able to continue to meet its liabilities as they fall due. Taking this into account, it is the considered view of the directors that the Group remains a going concern.

However:

- the heightened degree of uncertainty around the level of future revenues and profitability, should the Kilimanjaro division's dispute with MYOB not result in the restoration of previous levels of margin from the MYOB Exo product, and
- the need to successfully complete a capital raise along with strategic and cost reduction initiatives within the Kilimanjaro division,

indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of operations.

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

	Revenue		Operating profit	
Business segments	**30 June 2022**	**30 June 2021**	**30 June 2022**	**30 June 2021**
	$'000	$'000	$'000	$'000
Kilimanjaro Consulting	17,618	15,239	351	2,404
iSell	1,093	865	(1,249)	(1,003)
Corporate	33	9	(884)	(772)
	18,744	16,113	(1,782)	629
Equity earnings of associates and joint ventures			(548)	(130)
Net interest expense			(90)	(129)
Profit/(loss) before taxation			(2,420)	370
Income Tax			227	402
Net profit/(loss) attributable to shareholders			(2,193)	772

	Revenue	
Geographic segments	**30 June 2022**	**30 June 2021**
	$'000	$'000
New Zealand	6,066	4,517
Australia	12,474	11,387
EMEA*	152	107
North America	9	4
Asia	43	98
	18,744	16,113

** Europe, Middle East and Africa*

2 SEGMENT INFORMATION (CONTINUED)

(b) Interest, deprecation and amortisation

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000
New Zealand	22	4	92	72	292	194
Australia	-	1	20	62	1,062	1,152
	22	5	112	134	1,354	1,346

(c) Balance sheet information

	Non-current assets other than financing and deferred tax		Total assets		Total liabilities	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Kilimanjaro Consulting	9,052	8,926	16,688	15,730	11,374	7,547
iSell	3,867	3,835	4,150	4,699	878	1,134
Corporate	285	833	5,227	2,226	2,459	181
	13,204	13,594	26,065	22,655	14,711	8,862
Inter-segment elimination	-	-	(3,845)	175	(3,845)	175
	13,204	13,594	22,220	22,830	10,866	9,037
New Zealand	3,119	3,117	9,832	6,643	5,566	2,667
Australia	10,085	10,477	15,764	16,260	8,676	6,443
	13,204	13,594	25,596	22,903	14,242	9,110
Inter-segment elimination	-	-	(3,376)	(73)	(3,376)	(73)
	13,204	13,594	22,220	22,830	10,866	9,037

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 software 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, or - 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 invoiced amount is shown as a contract liability on the balance sheet until such time as the performance obligation has been met and recognised in revenue.
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 2022 $'000	30 June 2021 $'000
Revenue from Enterprise software and licences	4,852	4,280
Revenue from services and support	11,398	9,934
Revenue from iSell	1,093	865
Revenue from hosting services	1,388	1,032
Revenue from other fees	13	2
	18,744	16,113

Revenue by geographical location 30 June 2022	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	1,870	3,466	124	598	8	6,066
Australia	2,982	7,932	765	790	5	12,474
EMEA*	-	-	152	-	-	152
North America	-	-	9	-	-	9
Asia	-	-	43	-	-	43
	4,852	11,398	1,093	1,388	13	18,744

** Europe, Middle East and Africa*

Revenue by geographical location 30 June 2021	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

Kilimanjaro Consulting revenue	30 June 2022 $'000	30 June 2021 $'000
Recurring revenue from Enterprise software licences	3,897	3,321
Contracted revenue from hosting and support agreements	3,325	2,645
Revenue from other services	10,396	9,273
	17,618	15,239

iSell revenue	30 June 2022 $'000	30 June 2021 $'000
Recurring revenue from iSell software licences	974	684
Revenue from other services	119	181
	1,093	865

Corporate revenue	30 June 2022 $'000	30 June 2021 $'000
Revenue from services	33	9
	33	9

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 2022	30 June 2021
	$'000	$'000
COVID-19 government assistance	-	753

5 OPERATING EXPENSES

(a) Other gains and losses

	30 June 2022	30 June 2021
	$'000	$'000
Net foreign exchange gains/(losses)	32	-

(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 2022	30 June 2021
	$'000	$'000
Finance income		
Interest from financial assets held for cash management purposes	1	2
Interest from loans to related parties	20	-
Interest from other loans and receivables	1	3
	22	5
Finance costs		
Interest on bank overdrafts and loans	(24)	(28)
Interest on lease liabilities	(88)	(106)
	(112)	(134)
Net finance income and costs	(90)	(129)

(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 2022	30 June 2021
	$'000	$'000
Advertising and marketing	287	233
Amortisation	544	476
Auditors' remuneration	133	137
Bad and doubtful debts expense	71	63
Communications	167	177
Depreciation	810	873
Hosting costs	1,067	687
Insurance	98	101
Legal fees	98	41
Low-value and short-term lease costs	142	87
Professional services	59	127
Subcontractors	962	657
Travel expenses	84	83
Other operational expenses	979	689
	5,501	4,431

5 OPERATING EXPENSES (CONTINUED)

(i) Amortisation

	30 June 2022	30 June 2021
	$'000	$'000
Amortisation of software (note 17)	293	273
Amortisation of customer relationships (note 17)	186	203
Amortisation of intellectual property (note 17)	65	-
	544	476

(ii) Auditors' remuneration

	30 June 2022	30 June 2021
	$'000	$'000
For auditing the Group financial statements		
RSM Hayes Audit	131	136
Other Services		
Audit of iSell Philippines (R.P. Mora Accounting and Law Office)	2	1
	133	137

(iii) Bad and Doubtful Debts

	30 June 2022	30 June 2021
	$'000	$'000
Bad debts recognised	57	119
Bad debts recovered	(6)	-
Changes in provision for bad and doubtful debts	20	(56)
	71	63

(iv) Depreciation

	30 June 2022	30 June 2021
	$'000	$'000
Property plant and equipment (note 16)	162	146
Right-of-use assets (note 18)	648	727
	810	873

(d) Employee benefit expense

	30 June 2022	30 June 2021
	$'000	$'000
Wages and salaries	14,060	11,087
Superannuation	905	629
Directors fees	92	90
	15,057	11,806

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 2022 $'000	30 June 2021 $'000
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax on prior periods	38	-
Total current tax expense	38	-
Total deferred tax expense/(benefit)	(265)	(402)
Total income tax expense/(benefit)	(227)	(402)

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

	30 June 2022 $'000	30 June 2021 $'000
Profit before income tax	(2,420)	370
Tax at the New Zealand domestic tax rate of 28%	(678)	104
Adjusted for the tax effect of:		
Non deductible expenses	308	267
Non assessable income	(2)	(96)
Difference in overseas tax rates	(50)	11
Previously unrecognised tax losses	195	(688)
Total deferred tax expense/(benefit)	(227)	(402)
Total income tax expense/(benefit)	(227)	(402)

(c) Current tax assets and liabilities

	30 June 2022 $'000	30 June 2021 $'000
Current tax assets		
Income tax refundable/(payable)	(19)	1
	(19)	1

6 TAXATION (CONTINUED)

(d) Deferred tax balances

Deferred tax asset	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Future benefit of losses incurred	783	680
Future benefit of provisions and accruals	207	167
Employee benefits	451	350
Contract liabilities	363	338
Lease liabilities	393	425
Total deferred tax asset	2,197	1,960

Deferred tax liability	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Customer relationships	(99)	(137)
Contract asset	(199)	(169)
Right-of-use asset	(358)	(399)
Total deferred tax liability	(656)	(705)

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

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 2021	26	(137)	680	686	1,255
(Charged)/credited					
to profit or loss	9	38	103	136	286
At 30 June 2022	35	(99)	783	822	1,541

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. The Directors have not recognised the benefit of unutilised tax losses beyond two years due to uncertainty with regards to future shareholder continuity. This assessment was determined based on the budgeted profitability of the group, but does not take into account the potential impact of the dispute with MYOB on future profitability as detailed in note 26.

Subject to the various income tax legislations being met the losses carried forward at 30 June 2022 are estimated to be $4,310,063 (last year: $4,420,842) of which $2,840,620 have been recognised as a deferred tax asset (last year: $2,427,142). Deferred tax losses are not recognised in relation to iSell Pty Limited, which has an estimated AUD3,833,789 of losses to carry forward (last year: AUD2,773,000).

(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 2022 $'000	30 June 2021 $'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 2022	30 June 2021
Earnings for the purpose of basic and diluted earnings per share:		
Net profit/(loss) attributable to shareholders ($'000)	(1,836)	1,098
Weighted average number of ordinary shares for basic earnings per share (000s)	16,158	16,035
Basic and diluted earnings per share (cents)	(11.36)	6.85

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 2022	30 June 2021
	$'000	$'000
Trade receivables	2,992	2,628
Related party receivable (note 22(d)).	4	3
Other receivables	144	102
Provision for impairment	(122)	(102)
	3,018	2,631
Prepayments	172	190
	3,190	2,821

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 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 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
			$'000	$'000	$'000	$'000
0-30 days	1.0%	1.0%	2,244	1,958	21	20
31-60 days	5.0%	5.0%	410	424	21	21
61-90 days	10.0%	10.0%	110	111	11	12
+91 days	30.0%	35.0%	232	138	69	49
			2,996	2,631	122	102

Movements in the provision for impairment loss were as follows:	30 June 2022	30 June 2021
	$'000	$'000
At period start	(102)	(158)
Additional provisions recognised	(80)	(63)
Receivables written off during the year	60	119
At period end	(122)	(102)

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 2022 $'000	30 June 2021 $'000
Contract assets	831	713

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

	30 June 2022 $'000	30 June 2021 $'000
Balance at the beginning of the period	713	646
Transfer from contract assets to expenses	(713)	(646)
Costs incurred for work performed but not yet recognised	831	713
Balance at the end of the period	831	713

10 OTHER ASSETS

	30 June 2022 $'000	30 June 2021 $'000
Security deposits	34	54
Convertible note	518	-
	552	54
Classified as		
Current	518	-
Non-current	34	54
	552	54

On 20 December 2021 Enprise Group advanced $500,000 to Datagate as part of a $1.5M convertible note offering. The note attracts interest at 7% which is capitalised against the loan. The loan will be converted into shares automatically on the date of a capital raise, automatically on the date of a liquidity event, at the election of the company, or repaid in cash on the repayment date which is 15 months after the initial drawdown. Under the terms of the convertible notes, Datagate may repay the convertible note at any point prior to conversion. Enprise also has the ability to require payment subsequent to 16 December 2022, unless a conversion notice has been issued. Whilst the board considered that the conversion price is likely to be at a discount to the value of underlying shares in Datagate, given the convertible notes can be redeemed by Datagate for cash, the face value of the notes, together with accrued interest was considered to approximate fair value at balance date.

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 2022 $'000	30 June 2021 $'000
Trade payables	1,278	1,016
Related party payables (note 22(d)).	45	20
Payroll taxes and other statutory liabilities	707	693
Other payables and accruals	933	826
	2,963	2,555

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 2022	30 June 2021
	$'000	$'000
Employee benefits	1,998	1,706
Classified as		
Current	1,696	1,525
Non-current	302	181
	1,998	1,706

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 2022	30 June 2021
	$'000	$'000
Contract liabilities	2,582	2,362

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

	30 June 2022	30 June 2021
	$'000	$'000
Balance at the beginning of the period	2,362	1,989
Decrease due to revenue recognised from performance obligations satisfied	(2,244)	(1,989)
Invoices raised for work performed but not yet recognised	2,464	2,362
Balance at the end of the period	2,582	2,362

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 2022** $'000	**30 June 2021** $'000
Carrying amount at the beginning of the period	833	628
New investment in joint ventures and associates	-	335
Equity earnings/(losses) from associates and joint ventures	(556)	(474)
Other gains/(losses) related to associates and joint ventures	8	344
	285	833

Investment by joint venture or associate	**30 June 2022** $'000	**30 June 2021** $'000
Datagate Innovation Limited	285	833
	285	833

(a) Joint ventures and associates

The Group's joint venture and associates at 30 June 2022 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 2022**	 **30 June 2021**
Datagate Innovation Limited	New Zealand	Software sales	31.95	32.02

14 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summary financial information

Datagate Innovation Limited	**30 June 2022** $'000	**30 June 2021** $'000
Net assets/(liabilities)	(1,131)	606
Proportion of the Group's ownership interest in the equity accounted investment	(361)	194
Goodwill	646	639
Carrying amount of the Group's interest in the equity accounted investment	285	833

Summary of joint venture's financial statements	**30 June 2022** $'000	**30 June 2021** $'000
Assets and liabilities of joint ventures are as follows:		
Current assets	1,299	1,132
Non-current assets	45	117
Current liabilities	(2,027)	(283)
Non-current liabilities	(448)	(360)
	(1,131)	606
Results of equity accounted investment	$'000	$'000
Revenue	2,243	1,481
Losses after taxation	(1,739)	(1,434)
Total comprehensive income	(1,739)	(1,434)
Group share of loss	(556)	(474)
The Enprise group recorded the following within its statement of comprehensive income for the period related to Datagate		
Gain on dilution	8	344
Share of operating loss	(556)	(474)
Total recognised within the group's profit	(548)	(130)

Other key financial information	**30 June 2022** $'000	**30 June 2021** $'000
Balance sheet		
Cash and cash equivalents	955	879
Trade and other receivables	344	238
Trade and other creditors	(195)	(118)
Property, plant and equipment	26	27
Intangible assets	19	90
Profit and loss		
Depreciation and amortisation	82	245
Interest income	2	-

Datagate Innovation Limited (Datagate) is a software company which provides online billing solutions for telecommunication services and other usage based services.

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.

Datagate has been involved in a number of capital raising events, the last being in December 2020 where the Group acquired an additional 152,290 shares. During the year, additional shares were issued on 1 July 2021 further diluting Enprise's shareholding resulting in an additional gain on dilution of $7,780

The group participated in the convertible note offering in December 2021. Details of the convertible note are disclosed in Note 10.

The Board is comfortable that there is no impairment to the carrying value of Datagate. The convertible note in December 2021 used $2.20 per share valuing Datagate at $13,841,386. 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 2022** $'000	**30 June 2021** $'000
Carrying amount at the beginning of the year	687	813
Changes in fair value of other investments	(60)	23
Share buy back	-	(149)
	627	687

	30 June 2022 $'000	**30 June 2021** $'000
Vadacom Holdings Limited	627	687

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 prior 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 was repaid during the year, the balance has been deferred and is recorded as a related party loan (refer note 22(e)).

At 30 June 2022 the shares in Vadacom Holdings Limited have been independently valued at $13.47 (last year: $14.75) resulting in a loss of $59,579 (last year: gain of $23,273). This gain/loss 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** **2022**	**2021**	**Relationship of unobservable inputs to fair value**
Recurring revenue ($'000)	2,578	2,555	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 5% would increase fair value by $70,990 (last year: 5%; $76,930). Lowering each of the above inputs by 5% would decrease fair value by $67,530 (last year: 5%;$73,170).
Non recurring revenue ($'000)	1,037	1,011	
Recurring revenue multiple	3.91x	4.32x	
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 July 2020				
Cost	396	289	100	785
Accumulated depreciation	(240)	(178)	(83)	(501)
Net book value	156	111	17	284
Period 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
Year ended 30 June 2022				
Opening net book value amount	257	93	34	384
Additions	165	2	14	181
Depreciation charge	(129)	(19)	(14)	(162)
Gain/Loss on disposal	(5)	-	-	(5)
Foreign exchange gain/(loss)	5	2	1	8
Closing net book value	293	78	35	406
As at 30 June 2022				
Cost	779	298	143	1,220
Accumulated depreciation	(486)	(220)	(108)	(814)
Net book value	293	78	35	406

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 either an estimated recoverable amount (value in use) or the fair value less costs. 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 or acquired 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 5-10 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.

	Intellectual Property	Software	Customer relationships	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 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
Period 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
Year ended 30 June 2022					
Opening net book value amount	-	2,633	639	7,538	10,810
Additions	325	305	-	-	630
Exchange differences	-	83	12	182	277
Amortisation charge	(65)	(293)	(186)	-	(544)
Closing net book value	260	2,728	465	7,720	11,173
At 30 June 2022					
Cost	325	3,316	1,276	7,720	12,637
Accumulated amortisation and impairment	(65)	(588)	(811)	-	(1,464)
Net book value	260	2,728	465	7,720	11,173

17 INTANGIBLE ASSETS (CONTINUED)

Significant intangible assets held are as follows:

	Carrying amount $'000	Remaining amortisation period
Customer relationships - Kilimanjaro Consulting Pty Limited	386	30 months
Customer relationships - iSell Pty Limited	71	35 months
Software - ITQuoter	2,728	95-116 months
Intellectual Property	260	48 months

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

	30 June 2022 $'000	30 June 2021 $'000
Kilimanjaro Consulting - New Zealand	1,227	1,227
Kilimanjaro Consulting - Australia	5,455	5,304
iSell	1,038	1,007
	7,720	7,538

The Kilimanjaro Consulting division was tested for impairment on a value in use basis, based off the 2023 financial year budget which excludes any impact of MYOB Exo margins as documented in note 26 and applying the following key assumptions used in determining the future cash flows from each CGU over the next 5 years are as follows.

Kilimanjaro Division	**New Zealand %**	**Australia %**
Revenue growth rate (year 1)	12.60%	15.10%
Revenue growth rate (years 2-5)	2.50%	2.50%
Discount rate	19.90%	19.90%

In respect of the New Zealand cash generating unit, no reasonably possible change in assumptions would lead to impairment as there is sufficient headroom within the impairment testing.

In respect of the Australian cash generating unit, which as a total carrying value of $6.6m, the assumptions to which the impairment testing is most sensitive, and the change in assumption required to lead impairment charge being required is noted below.

Whilst the Kilimanjaro - Australia financial year 2023 results to date are behind budget, however, an allowance for this has been factored in the forecasts used for impairment testing purposes. Further, the directors have identified cost savings that they believe will partially mitigate the risk of further non-achievement against budget.

However, allowance has not been made within the FY2023 forecast for the disputed reduction of the MYOB Exo margin as detailed in note 26. If the MYOB Exo margin reduction was factored in, leaving all other variables held constant, this would lead to an impairment of $2,318,000 at 30 June 2022 of the Kilimanjaro - Australia cash generating unit. The uncertainty around outcome of the dispute and/or the implementation of any potential mitigation strategies creates significant uncertainty as to the future levels of profitability within the cash generating unit.

Other assumption changes that would cause impairment to Kilimanjaro Consulting - Australia	
Decrease in EBITDA profitability compared to forecast for FY23	13.00%
Increase in the discount rate	2.00%

iSell Pty Limited

An independent assessment of the fair value of iSell was conducted at 30 June 2022, 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 $5.057m (Enprise's 75.03% share is $3.794m). A fair value of less than $4.392m 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 2022**	**2021**	**Relationship of unobservable inputs to fair value**
Recurring revenue ($'000)	1,138	882	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple by 5% would increase fair value by $570,000 (last year: $517,710). Lowering all the above inputs by 5% would decrease fair value by $542,190 (last year: $492,460).
Non recurring revenue ($'000)	69	82	
Recurring revenue multiple	4.825x	5.635x	
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 July 2020		
Cost	2,167	2,167
Accumulated depreciation	(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
Year ended 30 June 2022		
Opening net book value amount	1,568	1,568
Additions	490	490
Lease Adjustments	(83)	(83)
Exchange differences	13	13
Depreciation charge	(648)	(648)
Closing net book value	1,340	1,340
At 30 June 2022		
Cost	2,296	2,296
Accumulated amortisation and impairment	(956)	(956)
Net book value	1,340	1,340

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.

In December 2021 the decision was made to relinquish the lease in the Philippines. As a result, a lease adjustment was required to remove the asset and liability associated with the remainder of this lease.

All other leases that came up for renewal during the financial year were extended for the minimum period allowed within the lease.

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 2022 $'000	30 June 2021 $'000
Current cash on hand / (borrowings)		
Cash on hand and at bank	1,546	2,806
Bank overdraft	(330)	-
Cash and cash equivalents	1,216	2,806
Bank borrowings	(812)	-
Other borrowings	(41)	(50)
Current borrowings	363	2,756
Non-current borrowings	-	-
Net cash on hand	363	2,756

(a) Summary of borrowing arrangements

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 $723,385 is available to redraw at 30 June 2022 (last year: $1,815,590). The loan matures on 31 October 2023 and requires quarterly payments of $95,950. The bank's debt is secured by PPSR over all the assets of Enprise Group Limited, Kilimanjaro Consulting Pty Limited and Kilimanjaro Consulting Limited (formerly Enprise Solutions Limited).

The Group is currently under the waver issued by the BNZ in March 2022 in respect of the breaches to both the interest cover and financial debt ratios. The year end results have further continued to have these two covenants breached at year end. See note 26 for details of waiver granted subsequent to 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) was repaid during the year
- At balance date AU$37,467 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%.

The other borrowing in the current period refers to the recognised liability to a former iSell employee who is claiming a higher balance that iSell is defending. Refer to note 25 for further details.

(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 $'000	Other borrowings $'000	Lease Liabilities $'000
At 1 July 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**
Non-cash changes	-	3	402
Financing cash inflows	1,000	-	-
Financing cash outflows	(188)	(12)	(612)
Exchange differences	-	-	16
Balance as at 30 June 2022	812	41	1,465

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 2022 $'000	30 June 2021 $'000
Lease liabilities	1,465	1,659
Classified as		
Current	495	572
Non-current	970	1,087
	1,465	1,659

(a) Remaining contractual cash flows

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

	30 June 2022 $'000	30 June 2021 $'000
Not later than one year	562	642
Later than one year but not later than 5 years	939	938
Later than 5 years	158	326
	1,659	1,906

(b) Amounts recognised in statement of comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Interest on lease liabilities	88	106
Expenses relating to short term leases	142	63
	230	169

(c) Amounts recognised in statement of cash flows

Cash outflows recognised within cash flows from operating activities	30 June 2022 $'000	30 June 2021 $'000
Interest element of lease payments	88	106
Cash outflows recognised within cash flows from financing activities		
Principal elements of lease payments	612	656

(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		Share capital	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	shares	shares	$'000	$'000
Opening ordinary shares	16,157,699	15,900,895	11,010	10,749
Issue of ordinary shares - Dividend reinvestment plan	-	256,804	-	261
	16,157,699	16,157,699	11,010	11,010

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 2022	30 June 2021	30 June 2022	30 June 2021
	cents per share	cents per share	$'000	$'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
Final dividend for the period ended 30 June 2021	2.50	-	404	-
	2.50	4.00	404	639

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		Purchase of services	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000
Vadacom Limited*	37	12	-	-
Next Telecom*	-	-	32	25
Nicholas Paul (Director) - consultancy fees (see note 22(f))	-	-	73	180
	37	12	105	205

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

(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		Amounts owed to related parties	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000
Next Telecom Limited	-	-	5	3
Vadacom Limited	4	3	-	-
The Sales Factory (Nicholas Paul)	-	-	-	17
Nightingale Partners (Lindsay Phillips)	-	-	40	-
	4	3	45	20

22 RELATED PARTY TRANSACTIONS (CONTINUED)

(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		Amounts owed to related parties	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000
Vadacom Holdings Limited	73	87	-	-
Datagate Innovation Limited	518	-	-	-
	591	87	-	-
Current	-	-	-	-
Non-Current	591	87	-	-
	591	87	-	-

The terms of the amount outstanding from Datagate in relation to the convertible note has been outlined in note 10.

(f) Key management personnel

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

	30 June 2022	30 June 2021
	$'000	$'000
Salaries, bonuses and commissions	543	438
Superannuation	34	22
Consultancy fees	73	180
Directors' fees	92	90
	742	730

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).

(g) Directors' fees

Directors received director's fees as detailed below:

	30 June 2022	30 June 2021
	$'000	$'000
L Phillips	40	40
G Cooper	-	-
N Paul	25	25
R Baskind	-	-
M Fong	27	25
	92	90

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. Purchase of shares from non controlling interests during the year and the rights issue in March 2022 both increased Enprise's shareholding in iSell, ultimately resulting in a non-controlling interest percentage of 24.97% at 30 June 2022 (last year: 28.86).

Transactions with non-controlling interests recognised in equity	Attributable to the parent	Non-controlling interests	Total
	$'000	$'000	$'000
Purchase from non-controlling interests	(58)	(15)	(73)
Proceeds from rights issue in iSell Pty Limited to non-controlling interests	158	(22)	136
Total transactions with non-controlling interests	100	(37)	63

(a) Summary of financial position

	30 June 2022	30 June 2021
	$'000	$'000
Assets		
Cash and cash equivalents	70	620
Trade and other receivables	151	107
Contract assets	52	36
Staff receivables	-	74
Property plant and equipment	30	21
Intangible assets	3,837	3,732
Right-of-use assets	-	82
Other non-current assets	10	28
Total assets	4,150	4,700
Liabilities		
Trade and other payables	(207)	(288)
Contract liabilities	(180)	(143)
Provisions	(197)	(299)
Borrowings	(41)	(50)
Lease liabilities	-	(79)
Related party payable	(253)	(274)
Total liabilities	(878)	(1,133)
Net assets	3,272	3,567

(b) Summary of financial performance

	30 June 2022	30 June 2021
	$'000	$'000
Revenue from contracts with customers	1,093	865
Net profit/(loss)	(1,422)	(1,027)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(1,422)	(1,027)

	30 June 2022	30 June 2021
	28.86% - 24.97%	*49.18% - 28.86%*
	$'000	$'000
Total comprehensive income/(loss) attributable to NCI	(357)	(326)

(c) Summary of statement of cash flows

During the year iSell Pty Limited incurred total operating cash outflows of $1,262,516 total investing outflows of $328,861 and total financing inflows of $1,042,755.

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 2022 $'000	30 June 2021 $'000
Profit/(Loss)	(2,193)	772
Adjustments for:		
Depreciation on property plant and equipment	162	146
Loss on disposal of property plant and equipment	5	-
Depreciation on right-of-use assets	648	727
Amortisation on intangible assets	544	476
Net loss/(gain) on foreign exchange	5	10
Share of loss from equity accounted investments	548	130
Movement in current and deferred tax	(227)	(402)
Movements in working capital		
(Increase)/decrease in trade and other receivable	(326)	78
(Increase)/decrease in contract assets	(100)	(67)
(Increase)/decrease in income taxes receivable	18	(1)
Increase/(decrease) in trade and other payables	357	(232)
Increase/(decrease) in provisions	245	205
Increase/(decrease) in contract liabilities	168	373
Net cash inflow/(outflow) from operating activities	(146)	2,215

25 CONTINGENT LIABILITIES

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

iSell Pty Limited continues to defend the claim made by an ex employee of iSell Pty Limited. The claim made by the former employee exceeds the balance that is recorded and disclosed in note 19. The claim has been referred to the supreme court, Sydney and is expected to be heard in late 2022 and any changes in the amounts due will be known then. Whilst the amount claimed by the defendant amounts to A$334,543 the Group does not believe that any material amount will be required to settle the claim in excess of the amount currently recorded as a liability.

26 SUBSEQUENT EVENTS AFTER BALANCE DATE

(a) Waiver of banking covenants

Enprise was in breach of their BNZ Loan covenants at year end. BNZ has provided a waiver of the 30 June 2022 banking interest cover and leverage covenant, and a modification to the group's banking covenants on 23 September 2022. These remove the leverage ratio testing requirement, and temporarily waive the interest cover ratio requirements until 30 June 2023.

(b) Dispute with MYOB

MYOB invoicing to the Kilimanjaro Consulting division from 1 August 2022 has been received charging significantly more than the contractually agreed margins which Kilimanjaro Consulting has previously received in both Australia and New Zealand on existing customers using MYOB's Exo Software. The impact of the reduction of 42.86% would be approximately $935,000 per annum on future revenue and would significantly impact the profitability of this division. Enprise (via Kilimanjaro) advised MYOB on 30 August 2022 that it formally disputes this decrease in margin as in it's opinion this goes against the current business partner agreement and will continue to challenge the margin change. Kilimanjaro management along with the Enprise board are currently revisiting the strategic plan of this division in light of this impact.

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, the bank overdraft 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 2022, 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 2022	30 June 2021	30 June 2022	30 June 2021
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(12)	1	(12)	1
- 1% (100 basis points)	12	(1)	12	(1)

(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 2022	$'000	$'000	$'000	$'000	$'000
Trade and other payables	2,963	-	-	-	2,963
Bank overdraft	330	-	-	-	330
Term loan	812	-	-	-	812
Other borrowings	-	41	-	-	41
Total	4,105	41	-	-	4,146

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 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

(d) Financial instrument classification

Financial assets	30 June 2022 $'000	30 June 2021 $'000
Financial asset at fair value through other comprehensive income	627	687
Financial asset at fair value	518	-
Amortised Cost		
Cash and cash equivalents	1,546	2,806
Trade receivables (excluding prepayments)	3,018	2,631
Staff and related party receivables	73	193
	5,782	6,317

Financial liabilities at amortised cost	30 June 2022 $'000	30 June 2021 $'000
Trade and other payables	2,963	2,555
Borrowings	1,183	50
	4,146	2,605

(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, the value to each segment is not material.

Enprise Group Limited

Statutory Information

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2022. In order to comply with the Companies Act 1993, the directors report as follows:

Directors

Marisa Fong	appointed 1 February 2019	Chair and Independent Non-Executive Director
Lindsay Phillips	appointed 1 December 2013	Non-Executive Director
Nicholas Paul	appointed 1 December 2015	Independent Non-Executive Director
George Cooper	appointed 10 April 2012	Chief Executive Officer - Enprise Group
Ronald Baskind	appointed 31 January 2018	Chief Executive Officer - Kilimanjaro Division

Marisa Fong, Nicholas Paul and 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 during his role as acting CEO of iSell.

	30 June 2022	30 June 2021
Male Directors	4	4
Female Directors	1	1
Male Officers	2	2
Female Officers	1	1

Directors interests at 30 June 2022

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

Interests' register

The following entries are recorded in the period ending 30 June 2022:

- Lindsay Phillips ceased being director of Mayfield Property Holdings Pty Limited, Mayfield Properties Queensland Pty Limited, Australis Music Group Pty Limited (and associated entities) and Vehicle Monitoring Systems USA Pty Limited.
  Lindsay Phillips was appointed director of Chess Investors Pty Limited, PayOK Pty Limited and iSell Pty Limited.
- Nick Paul ceased being director of iSell Pty Limited
- Marisa Fong was appointed Chair of Simplicity Kiwisaver Trust Board, was appointed interim Chair of Auckland Marine Resue Trust and is a member of the Advisory board for Eighty4 Recruitment. Marisa ceased being an Advisory board member of NZ Work Research Institue Advisory Board (AUT).
- Elliot Cooper became an investor and director of Keelan Investments Limited.

Remuneration of directors

The remuneration of the Directors for the period ended 30 June 2022 is set out below:

	30 June 2022	30 June 2021
	$'000	$'000
George Cooper	260	209
Lindsay Phillips	40	40
Nicholas Paul	98	205
Ronald Baskind	317	251
Marisa Fong	27	25
	742	730

Total compensation of the directors is disclosed in note 22(f).

The following discloses the remuneration arrangements in place for chief executives for the period ended 30 June 2023:

	$'000	$'000	$'000	$'000
	Base per annum	Incentive	Superannuation	Total
George Cooper	230	20	8	258
Ronald Baskind	267	21	30	318

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

Enprise Group Limited

Statutory Information

Employee remuneration

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 2022	30 June 2021
	Number of employees	
100,001 – 110,000	8	8
110,001 – 120,000	4	6
120,001 – 130,000	10	9
130,001 – 140,000	7	7
140,001 – 150,000	4	5
150,001 – 160,000	7	3
160,001 – 170,000	7	-
170,001 – 180,000	2	2
180,001 – 190,000	1	-
190,001 – 200,000	-	2
210,001 – 220,000	3	-
230,001 – 240,000	-	1
240,001 – 250,000	1	1
250,001 – 260,000	-	1
260,001 - 270,000	1	-
270,001 - 280,000	1	-
280,001 - 290,000	1	-
320,001 - 330,000	-	1
340,001 - 350,000	1	

Twenty largest shareholders as at 29 September 2022

	Holding	Holding %
New Zealand Central Securities Depository Ltd	3,443,019	21.31
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	466,209	2.89
Custodial Services Limited	461,159	2.85
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
John Cox Super Fund	230,000	1.42
Fridman Superfund	181,767	1.12
Sarah May Loveys	141,052	0.87
Jason Patrick Fegan	129,864	0.80
Roger John Williams	124,686	0.77
Leah Catherine Cooper	80,000	0.50

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

Geographic distribution of shareholders as at 29 September 2022

Country	Holders	Holder %	Issued capital	Issued capital %
New Zealand	266	67.00%	6,518,103	40.34%
Australia	101	25.44%	8,435,544	52.21%
Germany	18	4.53%	1,180,922	7.31%
USA	8	2.02%	16,263	0.10%
Great Britain	3	0.76%	6,667	0.04%
Switzerland	1	0.25%	200	0.00%
Total	**397**	**100.00%**	**16,157,699**	**100.00%**

Statutory Information

Distribution of shareholders as at 29 September 2022

Range	Holders	Holding quantity	Holding %
1-1000	139	66,781	0.41%
1001-5000	149	373,152	2.31%
5001-10000	42	328,414	2.03%
10001-50000	45	1,010,111	6.25%
50001-100000	3	220,240	1.36%
Greater than 100000	19	14,159,001	87.64%
Total	**397**	**16,157,699**	**100.00%**

Substantial security holders

At 30 June 2022, the following security holders had given notices in accordance with the Financial Markets Conduct Act 2013 that they were a substantial product holder in the Company. The number of shares shown below are as recorded for all the relevant interests recorded on the Company's share register.

	Holding
L Phillips	3,090,939
R Baskind	2,671,276
Dr J Neiser	2,405,663

Corporate governance

The directors have complied with the corporate governance code which can be found on the following link.
https://enprisegroup.com/s/201125-eg-corporate-governance-statement-4sx6.pdf

Enprise Group Limited

Directory

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
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PO Box 62262
Sylvia Park
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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
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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

Website www.enprisegroup.com
Email info@enprisegroup.com

Board of Directors

Marisa Fong (Chair)
Lindsay Phillips
Nicholas Paul
George Cooper
Ronald Baskind

Share Register

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland, New Zealand
Phone: +64 9 375 5990

Enprise Group Limited shares are listed on the NZX. The Group's share register is maintained by Link Market Services Limited. Link is your first point of contact for any queries regarding your investment in Enprise Group.

Auditor

RSM Hayes Audit
Level 1, 1 Broadway,
Newmarket 1023
Auckland
Phone: +64 9 367 1656

Lawyer

Hudson Gavin Martin, Auckland, New Zealand
Chapman Tripp, Auckland, New Zealand
Ash Street, Sydney, Australia

Principal Bankers

BNZ Bank Limited, Auckland, New Zealand

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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

Disclaimer of opinion

We were engaged to audit 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 2022;
- 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.

We do not express an opinion on the accompanying financial statements of the group on pages 6 to 38. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

Basis for disclaimer of opinion

Going concern

Note 1(i) on pages 12 and 13 to the financial statements discloses conditions that indicate the existence of material uncertainties surrounding the continuing use of the going concern assumption in the preparation of the financial statements.

Due to the significant level of uncertainty associated with forecasting the group's future cashflows as detailed on note 1(i), and given the uncertainty of the outcome of any future capital raising activity being sufficient to provide funding for the group's capital investment and liquidity requirements, we were unable to obtain sufficient appropriate audit evidence to enable us to form an opinion as to the whether the use of the going concern assumption is appropriate. Consequently, we were unable to determine whether any adjustments were necessary in respect of the consolidated statement of financial position of the group as at 30 June 2022, the consolidated statement of comprehensive income or consolidated statement of changes in equity.

Carrying value of the Kilimanjaro Consulting Australia cash-generating unit and deferred tax assets

The Group's non-current assets at 30 June 2022 include goodwill, intangible and other non-current assets of $6.6m relating to the Australian cash-generating unit (CGU) of the Kilimanjaro Consulting division. As disclosed in note 17 to the financial statements, the group has estimated the recoverable amount of these assets within this CGU based on a value in use approach. As disclosed in note 17, significant uncertainties exist in relation to the assumptions that are made by the group in estimating the recoverable amount.

In addition, as detailed in note 6, a deferred tax asset of $2,197,000 has been recognised by the group based on the assumption that future taxable profits will be available against which the temporary differences and unused tax losses detailed in note 6 can be utilised. The level of future taxable profits available to the group is also uncertain.

We were unable to obtain sufficient appropriate audit evidence regarding:

- the key assumptions applied by the group to estimate the recoverable amount of this CGU; or
- the level of future taxable profits expected to be available to the group in relation to the group's deferred tax assets.

Consequently, we were unable to determine whether any adjustments were necessary in respect of the consolidated statement of financial position of the group as at 30 June 2022, the consolidated statement of comprehensive income or consolidated statement of changes in equity.

We consider the impact of the above matters to be material and pervasive to the consolidated financial statements of the group.

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 responsibility is to conduct an audit of the group's financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and to issue an auditor's report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

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

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 6 October 2022
Auckland