Enprise Group Limited

Annual Report and Financial Statements

for the 15 months ended 30 June 2020

Enprise Group Limited

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Contents

Enprise Group Limited

Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the 15 month period ended 30 June 2020.

Principal activities

Enprise Group Limited (Enprise) has two operating divisions;
- Enterprise Solutions, 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 and South Africa.

Enprise is invested in a joint venture, 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 33.5% of Datagate.

Significant changes in the state of affairs

Kilimanjaro Consulting Pty Limited (Kilimanjaro) shareholders exercised their put option effective on 1 January 2020 resulting in Enprise issuing 2,854,649 new shares. Kilimanjaro became a wholly owned subsidiary from that date.

Enprise invested further into iSell. Enprise subscribed for 1,087,500 shares at AUD $0.40 per share on 27th May 2020 which took Enprise to 50.8% and therefore iSell has been consolidated from 27th May 2020. During the period, Enprise acquired iSell shares from other iSell shareholders for a combination of cash and new Enprise shares.

Enprise subscribed for $176,001 in a heavily oversubscribed rights issue undertaken by Datagate to capitalise on the progress made in international markets, particularly the USA. Enprise's stake was diluted by the raise, causing Enprise to recognise a gain on dilution.

Directors

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

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

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

	30 June 2020	31 March 2019
Male Directors	4	4
Female Directors	1	1
Male Officers	-	-
Female Officers	1	1

Corporate governance

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

Directors' Report

Remuneration of directors

The remuneration of the Directors for the period ended 30 June 2020 is set out below:

	30 June 2020		31 March 2019	
	15 mths	$'000	12 mths	$'000
Salaries, bonuses and commissions		387		201
Consultancy fees		135		3
Directors' fees		112		69
Total compensation		634		273
George Cooper		276		201
Lindsay Phillips		50		40
Nicholas Paul		166		28
Ronnie Baskind		295		279
Marisa Fong		31		4
		818		552

	30 June 2020	
	$'000	$'000
	Base per annum	Incentive
George Cooper	205	20
Ronnie Baskind	249	25

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

Employee remuneration over $100,000

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

	30 June 2020	31 March 2019
	Number of employees	
100,001 – 110,000	10	4
110,001 – 120,000	8	4
120,001 – 130,000	11	1
130,001 – 140,000	3	1
140,001 – 150,000	4	1
150,001 – 160,000	2	-
160,001 – 170,000	-	1
170,001 – 180,000	2	-
190,001 – 200,000	1	-
200,001 – 210,000	2	-
210,001 – 220,000	1	-
260,001 - 270,000	-	1

Rounding of amounts

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

Enprise Group Limited

Directors' Report

Review of operations and outlook

Following the qualified audit opinion on the financial statements for the year ended 31 March 2019, Enprise Group undertook a review of the methodology and parameters used to support the previous carrying values for its investments in Kilimanjaro Consulting Pty Ltd and iSell Pty Ltd. Advice was sought from independent corporate finance advisors - no adjustment was necessary in relation to Kilimanjaro, however an impairment charge of $0.440m was required for iSell which related to the 31 March 2019 period.

On 17 January 2020, Enprise was publicly censured for breaching NZX Listing Rule 3.6.1 by filing its 2019 Annual Report 14 business days late. The Tribunal ordered Enprise to pay a fine of $35,000 and costs of $3,800, in addition to the public censure. The shares were suspended from trading on the NZX for 8.5 days until the annual report was lodged with the NZX.

Enprise merged the customers of Enprise Australia Pty Limited into Kilimanjaro. Kilimanjaro in Australia and Enprise Solutions Limited in New Zealand have been organised under a single management structure to become the Enterprise Solutions Division of Enprise Group Limited. The business is now operating as 'One Company, Two Brands'.

The Enterprise Solutions division continues to leverage its position as the only MYOB Exo and MYOB Advanced reseller with offices in both New Zealand and Australia, to target trans-Tasman businesses. Enprise is well positioned to take advantage of the trend towards cloud, which has accelerated due to the need to have remote working while still having a stable, well supported, secure and continually developed on-premises offering. On 1 May 2019, Enprise acquired the eight MYOB Advanced customers of Walker Scott.

The company has declared a final dividend for the period ended 30 June 2020 of 2.0 cents per share payable on 23 October 2020.

Datagate had 91 paying customers up 102% from 31 March 2019 representing annualised recurring revenue of $1.121m, up 138% from 31 March 2019. Datagate has significantly increased its customers in the USA and has recently acquired customers in Europe. The Datagate November 2019 rights issue was 102% over-subscribed, raising $1.01m. Enprise subscribed for its share of the rights issue, however due to the over subscription its ownership has reduced to 33.5%. At the rights issue price of $1.90 per share, Enprise's 1,858,107 shares have a notional value of approximately $3.53m. This compares favourably to the actual carrying value in the Enprise books at 30 June 2020 of $0.628m (after expensing Enprise share of the Datagate losses for the year). We remain confident in the future success of the Datagate business.

Effective 1 January 2020, Enprise issued new shares in return for shares in iSell, this transaction increased Enprise's share in iSell to 46.6%. In addition to acquiring 90,000 shares for cash from existing shareholders, Enprise subscribed for A$0.709M and increased its share of iSell to 50.8% which resulted in iSell becoming a subsidiary. iSell has continued development of the cloud product and at 30 June 2020 established a beachhead of 17 customers in the United Kingdom in addition to signing their first customer in the USA.

Vadacom Holdings Ltd continued to grow with revenue up $0.5m (up 16.4%) year-on-year as COVID-19 work restrictions helped power demand for its tailored cloud PBX phone systems. As a result of an independent valuation Enprise Group realised a $0.22m increase in the value of its Vadacom investment in the period, to $0.81m.

Donations

Enprise made donations during the period of $1,000 (last year: $2,000).

Directors interests

	Number of Shares
Lindsay Phillips*	2,776,449
George Cooper	243,242
Nicholas Paul	49,600
Ronald Baskind~	2,623,250
Marisa Fong	12,833

Interests' register

The following entries are recorded in the period ending 30 June 2020:

- Lindsay Phillips was appointed as a director of Spectainer Pty Limited

Enprise Group Limited

Directors' Report

Top 20 shareholdings as at 2 October 2020

	Holding	Holding %
New Zealand Central Securities Depository Ltd	2,671,246	16.80
Red Cow Investments Pty Ltd~	2,623,250	16.50
Nightingale Partners Pty Ltd*	2,298,812	14.46
Reitham Finanz Gmbh & Co Kg	755,874	4.75
Bernard Israel Fridman	569,241	3.58
Dixson Trust Pty Limited	550,836	3.46
Awatea Trust	493,022	3.10
Net Power Solutions Limited	359,893	2.26
Amely Zaininger	351,387	2.21
Jens Neiser	300,000	1.89
Carjon Investments Pty Limited	291,071	1.83
Savgas Pty Limited	291,071	1.83
Deansand Pty Limited	290,692	1.83
Jason Patrick Fegan	244,421	1.54
George Elliot Cooper	243,242	1.53
Ironwood Investments Pty Ltd*	237,569	1.49
Donwood Pty Ltd	230,000	1.45
Mr Lindsay John Phillips	181,076	1.14
Leah Catherine Cooper	180,000	1.13
Audesse Holdings Limited	160,962	1.01

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

Geographic distribution of shareholders as at 2 October 2020

Country	Holders	Holder %	Issued capital	Issued capital %
New Zealand	207	57.82	5,741,211	36.11
Australia	121	33.80	9,071,014	57.05
Germany	18	5.03	1,065,166	6.70
USA	7	1.96	16,250	0.10
Great Britain	4	1.12	7,054	0.04
Switzerland	1	0.27	200	0.00
Total	**358**	**100.00**	**15,900,895**	**100.00**

Distribution of shareholders as at 2 October 2020

Range	Holders	Holding quantity	Holding %
1-1000	125	59,388	0.37
1001-5000	122	310,987	1.96
5001-10000	34	259,142	1.63
10001-50000	49	1,216,094	7.65
50001-100000	5	309,783	1.95
Greater than 100000	23	13,745,501	86.44
Total	**358**	**15,900,895**	**100.00**

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

Nicholas Paul (Director)
25 November 2020

George Cooper (Director)
25 November 2020

Enprise Group Limited

Consolidated Statement of Comprehensive Income
for the 15 months ended 30 June 2020

	Note	30 June 2020 15 mths $'000	31 March 2019 Restated 12 mths $'000
Revenue from contracts with customers	**3**	12,420	6,714
Other operating income	**4(a)**	-	47
Government assistance	**4(b)**	935	-
Employee expense	**5(d)**	(8,335)	(4,080)
Other operating costs	**5(c)**	(3,499)	(1,978)
Other gains/(losses) - net	**5(a)**	60	(40)
Operating profit		1,581	663
Equity earnings/(losses) from associates and joint ventures	**15**	(618)	(1,209)
Other gains/(losses) related to associates and joint ventures	**15**	257	208
Write down of carrying value of joint ventures	**15**	-	(563)
Net gain on previously held interest in associates and joint ventures	**14**	85	
Finance cost - net	**5(b)**	(39)	(52)
Profit/(loss) before income tax		1,266	(953)
Income tax benefit/(expense)	**6(a)**	93	(88)
Profit/(loss) for the period		**1,359**	**(1,041)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		93	10
Items that will not be reclassified to profit or loss			
Changes in the fair value of investments through other comprehensive income	**16**	220	345
Total other comprehensive income for the period, net of tax		313	355
Total comprehensive income for the period		**1,672**	**(686)**
Profit for the period is attributable to:			
Non-Controlling Interest	**14(b)**	23	-
Owners of Enprise Group Limited		1,336	(1,041)
		1,359	**(1,041)**
Total comprehensive income for the period is attributable to			
Non-Controlling Interest	**14(b)**	23	-
Owners of Enprise Group Limited		1,649	(686)
		1,672	**(686)**
Earnings per share from profit for the period attributable to ordinary shareholders of the Enprise Group Limited			
Basic and diluted earnings per share (see note 7) cents per share		11.67	(10.87)

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

Enprise Group Limited

Consolidated Statement of Financial Position
as at 30 June 2020

	Note	30 June 2020	31 March 2019 Restated
		$'000	$'000
Current assets			
Cash and cash equivalents	**20**	3,169	771
Trade and other receivables	**8**	2,953	1,324
Contract assets	**9**	646	296
Current tax assets	**6(c)**	-	1
Staff receivables		13	54
Loans to related parties	**23(e)**	-	193
Total current assets		**6,781**	**2,639**
Non-current assets			
Investments in associates, joint ventures	**15**	628	3,440
Investments in other entities	**16**	813	593
Staff receivables		90	33
Property plant and equipment	**17**	284	83
Intangible assets	**18**	10,960	1,695
Right-of-use assets	**19**	1,851	-
Deferred tax asset	**6(d)**	1,746	352
Loans to related parties	**23(e)**	-	476
Other non-current assets	**10**	154	-
Total non-current assets		**16,526**	**6,672**
Total assets		**23,307**	**9,311**

Enprise Group Limited

Consolidated Statement of Financial Position
as at 30 June 2020

	Note	30 June 2020 $'000	31 March 2019 Restated $'000
Current liabilities			
Trade and other payables	**11**	2,787	1,010
Provisions	**12**	1,232	233
Contract liabilities	**13**	1,989	705
Borrowings	**20**	347	635
Lease liabilities	**21**	704	-
Other current liabilities		-	15
Total current liabilities		**7,059**	**2,598**
Non-current liabilities			
Provisions	**12**	269	-
Borrowings	**20**	138	-
Lease liabilities	**21**	1,179	-
Deferred tax liability	**6(d)**	893	79
Other non-current liabilities		-	4
Total non-current liabilities		**2,479**	**83**
Total liabilities		**9,538**	**2,681**
Net assets		**13,769**	**6,630**
Equity			
Share capital	**22(a)**	10,749	6,566
Foreign exchange translation reserve		158	65
Financial assets at FVOCI reserve		565	345
Retained earnings		912	(346)
Equity attributable to the owners of Enprise Group Limited		12,384	6,630
Non-controlling interests		1,385	-
Total equity		**13,769**	**6,630**

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

Nicholas Paul (Director)
25 November 2020

George Cooper (Director)
25 November 2020

Enprise Group Limited

Consolidated Statement of Changes in Equity
for the 15 months ended 30 June 2020

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2018	6,566	55	-	790		7,411
Transactions with shareholders in their capacity as owners						
Dividends paid				(95)		(95)
Total transactions with shareholders	-	-	-	(95)	-	(95)
Comprehensive income						
Loss for the period (as restated) (note 29)				(1,041)		(1,041)
Other comprehensive income		10	345			355
Total comprehensive income net of tax (as restated)		10	345	(1,041)	-	(686)
Balance at 31 March 2019 (restated)	**6,566**	**65**	**345**	**(346)**	**-**	**6,630**
Change in accounting policy on adopting of NZIFRS16 (note 28)				*(78)*	-	(78)
Balance at 1 April 2019	6,566	65	345	(424)	-	6,552
Transactions with shareholders in their capacity as owners						
New shares issued (note 22)	4,183					4,183
Non-controlling interest on acquisition (note 14(b))					870	870
New share issue in iSell Pty Limited					492	492
Total transactions with shareholders	4,183	-	-	-	1,362	5,545
Comprehensive income						
Profit for the period	-	-	-	1,336	23	1,359
Other comprehensive income	-	93	220	-	-	313
Total comprehensive income net of tax	-	93	220	1,336	23	1,672
Balance at 30 June 2020	**10,749**	**158**	**565**	**912**	**1,385**	**13,769**

Consolidated Statement of Cash Flows
for the 15 months ended 30 June 2020

	Note	30 June 2020 15 mths $'000	31 March 2019 12 mths $'000
Operating activities			
Cash was provided from:			
Receipts from customers		19,962	10,354
Government assistance		753	-
Interest received		19	8
Income tax refund received		1	4
		20,735	10,366
Cash was applied to:			
Payments to suppliers & employees		18,012	9,969
Interest paid		62	56
		18,074	10,025
Net cash inflow (outflow) from operating activities	**24**	**2,661**	**341**
Investing activities			
Cash was provided from:			
Loans repaid by staff		74	51
Repayments from associates and joint ventures		104	-
Business acquisitions		23	-
		201	51
Cash was applied to:			
Purchase of property, plant and equipment		95	30
Investment in equity accounted joint venture		176	100
Investment in equity accounted associate		42	232
Investments in other entities		-	24
Purchase of business		20	-
Lending to third parties		30	-
Advances to associates and joint ventures		876	97
		1,239	483
Net cash inflow (outflow) from investing activities		**(1,038)**	**(432)**
Financing activities			
Cash was provided from:			
Proceeds from issue of shares		1,136	-
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		466	-
		1,602	-
Cash was applied to:			
Dividends paid		-	95
Repayment of lease liabilities		415	-
Repayment of bank borrowings		350	314
Repayment of otther borrowings		65	-
		830	409
Net cash inflow (outflow) from financing activities		**772**	**(409)**
Net increase / (decrease) in cash and cash equivalents held		**2,395**	**(500)**
Net foreign exchange differences		3	6
Cash and cash equivalents at beginning of the period		771	1,265
Cash and cash equivalents at end of the period	**20**	**3,169**	**771**

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

Notes to the Consolidated Financial Statements
for the 15 months ended 30 June 2020

1 BASIS OF PREPARATION

(a) Reporting entity

Enprise Group Limited (the company) and its subsidiaries (together the Group) is a solution provider in Australia and New Zealand. 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.

The Group has taken advantage of the NZX and FMCA class waiver to delay the approval of these financial statements.

(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 2020	Percentage ownership 31 March 2019
Enprise Solutions Limited	New Zealand	Software sales and solutions	100.00	100.00
Enprise Australia Pty Limited	Australia	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Pty Limited	Australia	Software sales and solutions	100.00	47.09
Enprise Limited	New Zealand	Software sales and solutions	100.00	100.00
Global Bizpro Limited	New Zealand	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Limited	New Zealand	Software sales and solutions	100.00	47.09
iSell Pty Limited	Australia	Software sales and solutions	50.82	19.87
iSell Philippines Inc	Philippines	Software sales and solutions	50.82	19.87

(e) Business Combinations

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

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

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

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

1 BASIS OF PREPARATION (CONTINUED)

(e) Business Combinations (continued)

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

(f) Foreign currency translation

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

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

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

(g) Financial instruments

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

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

Financial assets

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

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Effective interest method

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

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

1 BASIS OF PREPARATION (CONTINUED)

(g) Financial instruments (continued)

Impairment of financial assets

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

Measurement and recognition of expected credit losses

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

Derecognition of financial assets

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

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

Financial liabilities

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

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

Derecognition of financial liabilities

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

(h) Critical accounting judgements and estimates

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

Judgements and estimates which are material to the financial statements are found in the following notes:
(a) Revenue recognition (note 3).
(b) Taxation (note 6(d)).
(c) Intangible assets (note 18).
(d) Investments in other entities (note 16).
(e) Lease liabilities (note 21).
(f) Impairment (note 18).
(g) Business combinations (note 14).
(h) Restatement of comparatives (note 29).

2 SEGMENT INFORMATION

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

(a) Operational performance

Business segments	Revenue 30 June 2020	Revenue 31 March 2019	Operating profit 30 June 2020	Operating profit 31 March 2019 Restated
	15 mths $'000	12 mths $'000	15 mths $'000	12 mths $'000
Enterprise solutions	12,251	6,714	2,607	1,316
iSell	169	-	49	-
Corporate	-	-	(1,075)	(653)
	12,420	6,714	1,581	663
Equity earnings of associates and joint ventures			(276)	(1,001)
Write down of carrying value of joint ventures			-	(563)
Net interest expense			(39)	(52)
Profit/(loss) before taxation			1,266	(953)
Income Tax			93	(88)
Net profit/(loss) attributable to shareholders			1,359	(1,041)

Geographic segments	Revenue 30 June 2020	Revenue 31 March 2019	Operating profit 30 June 2020	Operating profit 31 March 2019
	15 mths $'000	12 mths $'000	15 mths $'000	12 mths $'000
New Zealand	6,324	4,994	826	474
Australia	6,093	1,720	752	189
EMEA**	2	-	2	-
North America	1	-	1	-
	12,420	6,714	1,581	663

*** Europe, Middle East and Africa*

(b) Interest, deprecation and amortisation

	Interest revenue 30 June 2020	Interest revenue 31 March 2019	Interest expense 30 June 2020	Interest expense 31 March 2019	Depreciation and amortisation expense 30 June 2020	Depreciation and amortisation expense 31 March 2019
	15 mths $'000	12 mths $'000	15 mths $'000	12 mths $'000	15 mths $'000	12 mths $'000
New Zealand	72	7	63	60	267	115
Australia	1	1	49	-	438	-
	73	8	112	60	705	115

(c) Balance sheet information

	Non-current assets other than financing and deferred tax 30 June 2020	Non-current assets other than financing and deferred tax 31 March 2019 Restated	Total assets 30 June 2020	Total assets 31 March 2019 Restated	Total liabilities 30 June 2020	Total liabilities 31 March 2019
	$'000	$'000	$'000	$'000	$'000	$'000
New Zealand	2,982	2,101	8,336	6,107	2,969	1,990
Australia	10,741	3,117	17,027	3,973	8,625	1,460
	13,723	5,218	25,363	10,080	11,594	3,450
Inter-segment elimination	-	-	(2,056)	(769)	(2,056)	(769)
	13,723	5,218	23,307	9,311	9,538	2,681
Enterprise solutions	9,207	1,778	16,521	4,890	10,372	2,925
iSell	3,888	-	4,579	-	1,086	-
Corporate	628	3,440	4,632	5,444	505	779
	13,723	5,218	25,732	10,334	11,963	3,704
Inter-segment elimination	-	-	(2,425)	(1,023)	(2,425)	(1,023)
	13,723	5,218	23,307	9,311	9,538	2,681

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:

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

3 REVENUE (CONTINUED)

	30 June 2020	31 March 2019
	$'000	$'000
Revenue from software and licences	3,507	1,849
Revenue from services and support	7,836	4,446
Revenue from iSell	169	-
Revenue from other fees	908	419
	12,420	6,714

Revenue by geographical location 31 March 2019	Revenue from software and licences	Revenue from services and support	Revenue from iSell	Revenue from other fees	Total
	$'000	$'000	$'000	$'000	$'000
New Zealand	1,393	3,406	-	195	4,994
Australia	456	1,040	-	224	1,720
	1,849	4,446	-	419	6,714

Revenue by geographical location 30 June 2020	Revenue from software and licences	Revenue from services and support	Revenue from iSell	Revenue from other fees	Total
	$'000	$'000	$'000	$'000	$'000
New Zealand	1,788	4,074	11	451	6,324
Australia	1,719	3,762	155	457	6,093
EMEA*	-	-	2	-	2
North America	-	-	1	-	1
	3,507	7,836	169	908	12,420

** Europe, Middle East and Africa*

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) Other operating income

Rental income

Rental income is recognised in the profit and loss on a straight-line basis over the term of the sub-lease.

	30 June 2020	31 March 2019
	$'000	$'000
Rental income	-	12
Other Income	-	35
	-	47

(b) Government assistance

COVID-19 payments

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) and the Australian Government (JobKeeper and cash flow boost)

	30 June 2020	31 March 2019
	$'000	$'000
COVID-19 government assistance	935	-
	935	-

5 OPERATING EXPENSES

(a) Other gains and losses

	30 June 2020	31 March 2019
	$'000	$'000
Net foreign exchange gains/(losses)	60	(40)
	60	(40)

(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 2020	31 March 2019
	$'000	$'000
Finance income		
Interest from financial assets held for cash management purposes	2	1
Interest from loans to related parties	68	-
Interest from other loans and receivables	3	7
	73	8
Finance costs		
Interest on bank overdrafts and loans (other than those from related parties)	(68)	(60)
Interest on lease liabilities	(44)	-
	(112)	(60)
Net finance income and costs	(39)	(52)

(c) Other operating expenses

Low-value and short-term lease

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.

	30 June 2020	31 March 2019
Other operating expenses include:		**Restated**
	$'000	$'000
Advertising and marketing	163	105
Amortisation	184	65
Auditors' remuneration	174	171
Bad and doubtful debts expense	91	46
Communications	156	94
Depreciation	521	50
Hosting costs	458	183
Legal fees	16	(5)
Low-value and short-term lease costs	69	-
Operating lease payments under NZ IAS17	-	183
Subcontractors	556	371
Travel expenses	269	246
Other operational expenses	842	469
	3,499	1,978

(i) Amortisation

	30 June 2020	31 March 2019
	$'000	$'000
Amortisation of software (note 18)	22	-
Amortisation of customer relationships (note 18)	162	65
	184	65

Notes to the Consolidated Financial Statements
for the 15 months ended 30 June 2020

5 OPERATING EXPENSES (CONTINUED)

(c) Other operating expenses (continued)

(ii) Auditors' remuneration

	30 June 2020	31 March 2019
	$'000	$'000
For auditing the Group financial statements		
RSM Hayes Audit	125	-
Baker Tilly Staples Rodway Auckland	48	171
Other Services		
Audit of iSell Philippines (R.P. Mora Accounting and Law Office)	1	-
	174	171

(iii) Bad and Doubtful Debts

	30 June 2020	31 March 2019
	$'000	$'000
Bad debts recognised	33	79
Changes in provision for bad and doubtful debts	58	(33)
	91	46

(iv) Depreciation

	30 June 2020	31 March 2019
	$'000	$'000
Property plant and equipment	104	50
Right-of-use assets	417	-
	521	50

(d) Employee benefit expense

	30 June 2020	31 March 2019
	$'000	$'000
Wages and salaries	7,822	3,888
Superannuation	401	123
Directors remuneration	112	69
	8,335	4,080

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 2020 $'000	31 March 2019 $'000
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
Total deferred tax expense/(benefit)	(93)	88
Total income tax expense/(benefit)	(93)	88

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

	30 June 2020 $'000	31 March 2019 Restated $'000
Profit before income tax	1,266	(953)
Tax at the New Zealand domestic tax rate of 28%	354	(267)
Adjusted for the tax effect of:		
Non deductible expenses	201	516
Non assessable income	(72)	(58)
Difference in overseas tax rates	(15)	(4)
Previously unrecognised tax losses now recouped to reduce current tax expense	(561)	(99)
Total deferred tax expense/(benefit)	(93)	88
Total income tax expense/(benefit)	(93)	88

(c) Current tax assets and liabilities

	30 June 2020 $'000	31 March 2019 $'000
Current tax assets		
Income tax refundable	-	1
	-	1

6 TAXATION (CONTINUED)

(d) Deferred tax balances

Deferred tax asset	30 June 2020 $'000	31 March 2019 $'000
The balance comprises temporary differences attributable to:		
Future benefit of losses incurred	370	153
Future benefit of provisions and accruals	117	48
Employee benefits	444	66
Contract liabilities	312	85
Lease liabilities	503	-
Total deferred tax asset	1,746	352

Deferred tax liability	30 June 2020 $'000	31 March 2019 $'000
The balance comprises temporary differences attributable to:		
Customer relationships	(216)	(19)
Contract asset	(185)	(60)
Right-of-use asset	(492)	-
Total deferred tax liability	(893)	(79)

Movements	Right-of use assets & lease liabilities $'000	Customer relationships $'000	Tax losses $'000	Provisions & accruals (inc employee benefits) $'000	Total $'000
At 1 April 2018	-	(38)	222	119	303
(Charged)/credited					
to profit or loss	-	19	(69)	20	(30)
to other comprehensive income	-	-	-	-	-
At 31 March 2019	-	(19)	153	139	273

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

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 coming financial year. The Directors have not recognised the benefit of unutilised tax losses beyond one year due to uncertainty with regards to future shareholder continuity.

Subject to the various income tax legislations being met the losses carried forward at 30 June 2020 are estimated to be $6,352,724 of which $1,321,867 have been recognised.

(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 2020 $'000	31 March 2019 $'000
New Zealand imputation credits available	-	13

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 2020	31 March 2019 Restated
	$'000	$'000
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to shareholders	1,336	(1,041)
Weighted average number of ordinary shares for basic earnings per share	11,450	9,578
Basic and diluted earnings per share (cents)	11.67	(10.87)

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 2020	31 March 2019
	$'000	$'000
Trade receivables	2,379	1,189
Related party receivable (note 23(d)).	-	164
Other receivables	454	10
Provision for impairment	(158)	(100)
	2,675	1,263
Prepayments	278	61
	2,953	1,324

Allowance for impairment loss

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

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

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

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

	Expected credit loss rate		Carrying amount		Allowance for impairment	
	30 June 2020	31 March 2019	30 June 2020	31 March 2019	30 June 2020	31 March 2019
			$'000	$'000	$'000	$'000
0-30 days	1.0%	1.0%	1,720	855	17	9
31-60 days	5.0%	5.0%	309	141	15	7
61-90 days	10.0%	15.0%	70	37	7	6
+91 days	42.5%	50.0%	280	156	119	78
			2,379	1,189	158	100

Movements in the provision for impairment loss were as follows:	30 June 2020	31 March 2019
	$'000	$'000
At 1 April	(100)	(133)
Provisions acquired on business combination	(80)	-
Additional provisions recognised	(94)	(9)
Receivables written off during the year	116	42
At period end	(158)	(100)

9 CONTRACT ASSETS (WORK IN PROGRESS)

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 2020	31 March 2019
	$'000	$'000
Contract assets	646	296

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

	30 June 2020	31 March 2019
	$'000	$'000
Balance at the beginning of the period	296	-
On adoption of IFRS15 (revenue recognition)	-	317
Acquired from business combinations	39	-
Transfer from contract assets to expenses	(335)	(317)
Costs incurred for work performed but not yet recognised	646	296
Foreign currency translation	-	-
Balance at the end of the period	646	296

10 OTHER ASSETS

	30 June 2020	31 March 2019
	$'000	$'000
Security deposits	154	-
Classified as		
Current	-	-
Non-current	154	-
	154	-

11 TRADE AND OTHER PAYABLES

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

	30 June 2020	31 March 2019
	$'000	$'000
Trade payables	1,307	508
Related party payables (note 23(d)).	52	29
Payroll taxes and other statutory liabilities	481	206
Other payables and accruals	947	267
	2,787	1,010

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 2020	31 March 2019
	$'000	$'000
Employee benefits	1,501	233
Classified as		
Current	1,232	233
Non-current	269	-
	1,501	233

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 2020	31 March 2019
	$'000	$'000
Contract liabilities	1,989	705

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

	30 June 2020	31 March 2019
	$'000	$'000
Balance at the beginning of the period	705	-
On adoption of IFRS15 (revenue recognition)	-	520
Acquired from business combinations	35	-
Decrease due to revenue recognised from performance obligations satisfied	(703)	(489)
Revenue raised for work performed but not yet recognised	1,952	674
Balance at the end of the period	1,989	705

14 BUSINESS COMBINATIONS

(a) Kilimanjaro Consulting Pty Limited

Enprise Group Limited acquired the balance of the ordinary shares of Kilimanjaro Consulting Pty Limited under the put option of the deed dated 29 August 2017. The directors agreed to accept the put option exercised with an effective date of effective 1 January 2020 and on that date took 100% ownership and full control of Kilimanjaro Consulting Pty Limited.

The transaction was settled by Enprise Group Limited issuing 2,854,649 of its shares at $0.752 per share or NZ$2,146,696.

Kilimanjaro Consulting Pty Limited is the largest MYOB solutions provider in Australia and the acquisition makes Enprise Group Limited now the largest MYOB solutions provider in both Australia and New Zealand. The shared strategy of the two companies is to benefit clients by applying the best processes, procedures and systems from each organisation to create the most efficient delivery of services. The previously separate Enterprise solutions teams already have a history of working constructively together on the delivery of selected customer projects and these synergies will be further enhanced under full control.

The full acquisition gave rise to goodwill of AU$4,549,557 and additional customer relationships of AU$697,994.

The acquired business contributed revenues of NZ$3,890,378 and profit after tax of NZ$146,526 to the consolidated entity for the period from 1 January 2020 to 30 June 2020. If the acquisition occurred on 1 April 2019 the full period contributions would have been revenues of NZ$11,768,241 and profit after tax of NZ$1,134,751.

The Group engaged BDO Auckland to provide accounting advice and valuation services in relation to the business combination of Kilimanjaro Consulting Pty Limited, including the assessment of the group's previously held equity interest prior to acquisition at NZ$2.221m. 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 31 December 2019	Relationship of unobservable inputs to fair value
Future maintainable earnings (EBITDA) (AU$'000)	739	Increasing future maintainable earnings and the revenue multiple each by 4% would increase fair value by NZ$207,000; Lowering each of the above inputs by 4% would decrease fair value by NZ$199,000
Recurring earnings multiple	7.00x	

	Fair value $'000
Cash and cash equivalents	71
Trade and other receivables	1,348
Contract assets	24
Other accrued current assets	79
Trade and other current payables	(1,891)
Employee benefit liabilities	(982)
Revenue in advance (other accrued current liabilities)	(393)
Other term receivables and advances	124
Property plant and equipment	231
Intangible assets (customer relationships)	774
Right-of-use asset	910
Lease liability	(910)
Borrowings	(215)
Deferred tax asset	458
Total net assets/(liabilities) acquired	(372)
Goodwill	4,740
	4,368

The reconciliation of the carrying amount and goodwill is as follows:

	$'000
Carrying amount of the Group's interest in the joint venture as at 31 March 2019	2,037
NZIFRS16 opening balance adjustment	(49)
Share of loss from equity accounted investment	277
Carrying amount of the Group's interest in the joint venture prior to business combination	2,265
Further consideration paid	2,147
Gain/(loss) on fair value of previously held interest	(44)
	4,368

14 BUSINESS COMBINATIONS (CONTINUED)

(b) iSell Pty Limited

On 27 May 2020 Enprise Group Limited, acquired a further 1,772,085 shares in iSell Pty Limited taking the total shareholding in the company to 50.82% and gaining control of the company. The total consideration for this transaction was NZ$759,891 and was funded through repayment of advances made to the company during the year.

Enprise Group is a hi-tech software and services investment company and the continued investment and ultimate control of iSell Pty Limited fits well into this strategy. The Group sees future synergies between iSell and Datagate Innovation Limited as they both target the same Managed Service Provider market and can link their sales and marketing functions to give each other sales introductions.

iSell Pty Limited is the creator of the ITQuoter system and provides its ITQuoter system around the world. The full acquisition gave rise to goodwill of AU$573,656 and customer relationships of AU$127,645. The non-controlling interest in iSell on acquisition was NZ$1,169,610.

The acquired business contributed revenues of NZ$169,097 and profit after tax of NZ$46,507 to the consolidated entity for the period from 27 May 2020 to 30 June 2020. If the acquisition occurred on 1 April 2019 the full year contributions would have been revenues of NZ$1,157,776 and a loss after tax of NZ$896,509.

The Group engaged BDO Auckland to provide accounting advice and valuation services in relation to the business combination of iSell Pty Limited and its subsidiaries, including assessment of the fair value of the group's previously held interest in iSell Pty Limited at NZ$1.382m. 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 27 May 2020	Relationship of unobservable inputs to fair value
Recurring revenue (AU$'000)	740	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 4% would increase fair value by NZ$181,000; Lowering each of the above inputs by 4% would decrease fair value by NZ$174,000
Non recurring revenue (AU$'000)	81	
Recurring revenue multiple	5.38x	
Non recurring revenue multiple	1.0x	

	Fair value $'000
Cash and cash equivalents	(48)
Trade and other receivables	106
Contract assets	15
Other accrued current assets	120
Trade and other current payables	(315)
Provisions	(223)
Other accrued current liabilities	(360)
Property plant and equipment	21
Intangible assets (software)	2,643
Intangible assets (customer relationships)	118
Borrowings	(72)
Right-of-use asset	144
Lease liability	(144)
Total net assets/(liabilities) acquired	2,005
Goodwill	1,007
	3,012

The reconciliation of the carrying amount and goodwill is as follows:

	$'000
Carrying amount of the Group's interest in the joint venture as at 31 March 2019 (restated)	604
Share of loss from equity accounted investment to 27 May 2020	(293)
Further investment in joint venture prior to control being achieved	942
Carrying amount of the Group's interest in the joint venture prior to business combination	1,253
Gain/(loss) on fair value of previously held interest	129
Fair value of previously held interest	1,382
Further consideration paid on 27 May 2020 - non-cash conversion of loan	760
Non-controlling interest	870
Less: Net identifiable assets acquired	(2,005)
Goodwill on acquisition	1,007

14 BUSINESS COMBINATIONS (CONTINUED)

(b) iSell Pty Limited (continued)

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

Enprise Group Limited acquired a controlling stake in iSell on 27 May 2020. Equity was also introduced by other non-controlling interests amounting to NZ$492,000 which resulted in a year end non-controlling interest percentage of 49.18%.

Summary of financial position	**30 June 2020** *49.18%* 1 mth $'000
Assets	
Cash and cash equivalents	472
Trade and other receivables	118
Contract assets	14
Other current assets	-
Staff receivables	60
Property plant and equipment	19
Intangible assets	3,728
	142
Total assets	4,553
Liabilities	
Trade and other payables	(276)
Contract liabilities	(72)
Provisions	(302)
Borrowings	(44)
Lease liabilities	(134)
Related party payable	(259)
Total liabilities	(1,087)
Net assets	3,466
Net assets attributable to NCI	1,705

Summary of financial performance	**30 June 2020** *49.18%* 1 mth $'000
Revenue from contracts with customers	169
Net profit/(loss)	47
Other comprehensive income	-
Total comprehensive income	47
Total comprehensive income attributable to NCI	23

15 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 2020**	**31 March 2019 Restated**
	$'000	$'000
Carrying amount at the beginning of the period	3,440	4,577
Impact of changes in carrying amount as a result of NZ IFRS 16 (see note 28)	(49)	-
	3,391	4,577
New investment in joint ventures and associates	1,118	427
Reduction in investments due to business combinations	(3,517)	-
Equity earnings/(losses) from associates and joint ventures	(618)	(1,209)
Other gains/(losses) related to associates and joint ventures	257	208
Write down of carrying value of joint venture	-	(563)
Currency translation	(3)	-
	628	3,440

Investment by joint venture or associate	**30 June 2020**	**31 March 2019 Restated**
	$'000	$'000
Investment in equity accounted joint venture		
Datagate Innovation Limited	628	799
Kilimanjaro Consulting Pty Limited	-	2,037
Investment in equity accounted associate		
iSell Pty Limited	-	604
	628	3,440

(a) Joint ventures and associates

The Group's joint venture and associates at 30 June 2020 are set out below. The country of incorporation or registration is also their principal place of business.

Name of Entity	**Country of incorporation**	**Principal Activity**	**Percentage ownership 30 June 2020**	**Percentage ownership 31 March 2019**
Datagate Innovation Limited	New Zealand	Software sales	33.50	36.05
Kilimanjaro Consulting Pty Limited	Australia	Software sales & support	n.a *	47.09
iSell Pty Limited	Australia	Software sales	n.a *	19.87

** Refer to note 14 for details of the acquisition of these former joint ventures and associates.*

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summary financial information of joint ventures

Datagate Innovation Limited	30 June 2020 $'000	31 March 2019 $'000
Net assets of joint venture	557	1,199
Proportion of the Group's ownership interest in the joint venture	187	432
Goodwill	441	367
Carrying amount of the Group's interest in the joint venture	628	799

Summary of joint venture's financial statements		30 June 2020 $'000		31 March 2019 $'000
Assets and liabilities of joint ventures are as follows:				
Current assets		747		737
Non-current assets		377		818
Current liabilities		(282)		(158)
Non-current liabilities		(285)		(198)
		557		1,199
Results of joint venture	15 mths	$'000	12 mths	$'000
Revenue		1,160		441
Losses after taxation		(1,740)		(1,542)
Total comprehensive income		(1,740)		(1,542)
Group share of loss		(603)		(590)
Group share of total comprehensive income is made up of the following:				
Gain on dilution		257		208
Share of operating loss		(603)		(590)
Group share of total comprehensive income		(346)		(382)

Other key financial information	30 June 2020 $'000	31 March 2019 $'000
Balance sheet		
Cash and cash equivalents	533	635
Trade and other receivables	193	83
Trade and other creditors	(209)	(108)
Property, plant and equipment	19	12
Intangible assets	358	805
Profit and loss		
Depreciation and amortisation	476	390
Interest income	-	(13)

Datagate Innovation Limited (Datagate) is a software company which provides online billing solutions for telecommunication services and other usage based services. Datagate has been involved in a number of capital raising events the most recent being October 2019 where the Group acquired an additional 92,632 shares but was diluted. As a direct result of the capital raising the Group has recognised a gain on dilution of $256,605 (last year: $208,022).

Datagate is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. The joint arrangement 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. Enprise has the ability to appoint one out of three directors and therefore has joint control. Furthermore, the parties to the joint arrangement have rights to the net assets of the arrangement on wind up. The joint arrangement is therefore classified as a joint venture and the Group accounts for its investment in accordance with the equity method.

The Board is comfortable that there is no impairment to the carrying value of Datagate due to external investment continuing to be received. The last capital raise in October 2019 was at $1.90 per share valuing Datagate at $10,537,330. Enprise's shareholding at $1.90 per share is $3,089,581, this is 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 JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summary financial information of joint ventures (continued)

Kilimanjaro Consulting Pty Limited	**31 March 2019** $'000
Net assets of joint venture	(1,882)
Proportion of the Group's ownership interest in the joint venture	(886)
Goodwill	3,046
Write down of carrying value of joint venture	(123)
Carrying amount of the Group's interest in the joint venture	2,037

Summary of joint venture's financial statements (converted to NZD)	**31 March 2019** $'000
Assets and liabilities of joint ventures are as follows:	
Current assets	2,231
Non-current assets	813
Current liabilities	(3,937)
Non-current liabilities	(989)
	(1,882)
Results of joint venture	$'000
Revenue from contracts with customers	8,380
Profit/(loss) after taxation	(1,266)
Total comprehensive income/(loss)	(1,266)
Group share of total comprehensive income/(loss)	(596)

Other key financial information (converted to NZD)	**31 March 2019** $'000
Balance sheet	
Cash and cash equivalents	275
Trade and other receivables	1,249
Trade and other creditors	(1,196)
Current financial liabilities	(57)
Non-current financial liabilities	(142)
Property, plant and equipment	267
Intangible assets	65
Profit and loss	$'000
Depreciation and amortisation	(818)
Interest income	4
Interest expense	(40)
Income tax benefit	242

Refer to note 14 for details of the acquisition of this former joint venture.

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(c) Summary financial information of associates

iSell Pty Limited	31 March 2019 Restated $'000
Net assets of associate	920
Proportion of the Group's ownership interest in the associate	183
Goodwill	861
Write down of carrying value of joint venture	(440)
Carrying amount of the Group's interest in the associate	604

Summary of associate's financial statements (converted to NZD)	31 March 2019 $'000
Assets and liabilities of associate are as follows:	
Current assets	237
Non-current assets	1,179
Current liabilities	(421)
Non-current liabilities	(75)
	920
Results of associate	$'000
Revenue	888
Losses after taxation	(104)
Total comprehensive income	(104)
Group share of total comprehensive income	(23)

Other key financial information (converted to NZD)	31 March 2019 $'000
Balance sheet	
Cash and cash equivalents	17
Trade and other receivables	111
Trade and other creditors	(34)
Property, plant and equipment	40
Intangible assets	1,139
Profit and loss	
Depreciation and amortisation	(25)
Interest income	-
Interest expense	(11)
Income tax expense or benefit	-

Refer to note 14 for details of the acquisition of this former associate.

16 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 2020 $'000	31 March 2019 $'000
Carrying amount at the beginning of the year	593	321
New investment in other entities	-	24
Changes in fair value of other investments	220	345
Sale of investment in other entities	-	(97)
	813	593

	30 June 2020 $'000	31 March 2019 $'000
Vadacom Holdings Limited	813	593

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 has resulted in a reduction to Enprise's shareholding to 6.45% at balance date.

At 30 June 2020 the shares in Vadacom Holdings Limited have been independently valued at $14.25 (31 March 2019: $10.40) resulting in a gain of $219,631 (last year: $345,415). This gain has been recognised as other comprehensive income.

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

Unobservable inputs	Range of inputs 2020	2019	Relationship of unobservable inputs to fair value
Recurring revenue ($'000)	2,500	1,701	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 4% would increase fair value by $62,000 (last year: $47,000); Lowering each of the above inputs by 4% would decrease fair value by $60,000 (last year: $45,000).
Non recurring revenue ($'000)	1,353	1,573	
Recurring revenue multiple	4.20x	4.15x	
Non recurring revenue multiple	1.0x	1.0x	

Zhik Pty Limited

The shareholding in Zhik Pty Limited was relinquished in the previous financial year.

17 PROPERTY PLANT AND EQUIPMENT

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

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

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

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

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

	Computer equipment	Furniture and fittings	Office equipment	Total
	$'000	$'000	$'000	$'000
At 1 April 2018				
Cost	195	172	87	454
Accumulated amortisation and impairment	(148)	(128)	(75)	(351)
Net book value	47	44	12	103
Year ended 31 March 2019				
Opening net book value amount	47	44	12	103
Additions	19	10	1	30
Depreciation charge	(31)	(17)	(2)	(50)
Closing net book value	35	37	11	83
At 31 March 2019				
Cost	214	182	88	484
Accumulated amortisation and impairment	(179)	(145)	(77)	(401)
Net book value	35	37	11	83
Period ended 30 June 2020				
Opening net book value amount	35	37	11	83
Additions through business combinations	137	103	11	251
Additions	43	-	4	47
Reclassifications	4	-	(4)	-
Depreciation charge	(67)	(32)	(5)	(104)
Foreign exchange gain/(loss)	4	3	-	7
Closing net book value	156	111	17	284
At 30 June 2020				
Cost	396	289	100	785
Accumulated amortisation and impairment	(240)	(178)	(83)	(501)
Net book value	156	111	17	284

18 INTANGIBLE ASSETS

Goodwill

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

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

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

Customer relationships

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

Software

"In-house" developed software costs are capitalised on completion and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. The software on acquisition was assessed at a value of AU$2,459,500. Employment costs associated with developing the software are capitalised when the costs are incurred. The amount of the charges capitalised is based on the proportionate time each employee spends on developing the software.

	Software	Customer relationships	Goodwill	Total
	$'000	$'000	$'000	$'000
At 1 April 2018				
Cost	-	329	1,626	1,955
Accumulated amortisation and impairment	-	(195)	-	(195)
Net book value	-	134	1,626	1,760
Year ended 31 March 2019				
Opening net book value amount	-	134	1,626	1,760
Amortisation charge	-	(65)	-	(65)
Closing net book value	-	69	1,626	1,695
At 31 March 2019				
Cost	-	329	1,626	1,955
Accumulated amortisation and impairment	-	(260)	-	(260)
Net book value	-	69	1,626	1,695
Year ended 30 June 2020				
Opening net book value amount	-	69	1,626	1,695
Additions through business combinations	2,643	893	5,747	9,283
Additions	-	19	19	38
Exchange differences	(12)	19	121	128
Amortisation charge	(22)	(162)	-	(184)
Closing net book value	2,609	838	7,513	10,960
At 30 June 2020				
Cost	2,631	1,260	7,513	11,404
Accumulated amortisation and impairment	(22)	(422)	-	(444)
Net book value	2,609	838	7,513	10,960

18 INTANGIBLE ASSETS (CONTINUED)

Significant intangible assets held are as follows:

	Carrying amount $'000	Remaining amortisation period
Customer Relationships - Kilimanjaro Consulting Pty Limited	672	54 months
Customer Relationships - iSell Pty Limited	116	59 months
ITQuoter software	2,609	119 months

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

	30 June 2020 $'000	31 March 2019 $'000
Enterprise division - New Zealand	1,227	1,209
Enterprise division - Australia	5,283	417
iSell	1,003	-
	7,513	1,626

Key assumptions used in determining the future cash flows from each CGU over the next 5 years are as follows.

Enterprise Solutions	**New Zealand** %	**Australia** %
Revenue growth rate (next 5 years)	2.50%	2.50%
Discount rate (next 5 years)	20.00%	20.00%

iSell Pty Limited	**2020/21** %	**2021/22** %	**2022/23** %	**2023/24** %	**2024/25** %
Revenue growth rate	39.30%	84.03%	42.89%	30.02%	26.35%
Discount rate (next 5 years)	31.91%	(post tax 25.70%)			

The terminal value is based on a 2% perpetual revenue growth rate after five years. These assumptions are based on continued growth in new products and services being delivered by Enprise to both new and existing customers.

The discount rate was estimated based on the weighted average cost of capital of similar public listed companies adjusted for differences in risk profiles.

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

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

Management has performed sensitivity analysis on iSell Pty Limited and as a result the key assumptions and the effect on the carrying value is as follows:

Sensitivity analysis	**+ 5%** $'000	**- 5%** $'000
Revenue growth rates	303	(284)
Discount rates	(890)	608

The carrying value of iSell Pty Limited is impaired when the growth rate decreases by 5.10% and the pre-tax discount rate is above 33.34% (post tax 26.91%).

19 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, and any initial direct costs incurred by the lease.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

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

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

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

20 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 2020 $'000	31 March 2019 $'000
Current cash on hand / (borrowings)		
Cash on hand and at bank	3,169	771
Bank borrowings	(347)	(635)
Other borrowings	-	-
	2,822	136
Non-current borrowings		
Bank borrowings	(94)	-
Other borrowings	(44)	-
Non-current borrowings	(138)	-
Net cash on hand	2,684	136

(a) Summary of borrowing arrangements

On 15 December 2017 the Company took out a $1 million loan with ASB Bank. The bank loan is secured by unlimited cross guarantee and indemnity from and between Enprise Group Limited, Enprise Solutions Limited, Enprise Australia Pty Limited, Global Bizpro Limited, and Enprise Limited. The interest rate at 30 June 2020 is 5.35% (last year: 6.82%). The loan has a term of 36 months and will mature on 1 January 2021.

The losses incurred by joint ventures and associates in prior years has seen the Group in technical breach of its banking covenant in respect of interest cover ratio. The bank has provided a waiver of this breach. The Group has, prior to year end, met the interest cover ratio.

On 3 January 2017 Kilimanjaro Consulting Pty Limited entered into a loan agreement with the Commonwealth Bank of Australia for AU$300,000. The bank loan is secured by unlimited cross guarantee of Red Cow Investments Pty Limited, Kilimanjaro Consulting Pty Limited and R Baskind. The interest rate at 30 June 2020 is 6.09%. The loan had an original term of 60 months however this has been extended due to 6 months COVID-19 relief and is now due to mature in September 2022. The balance of the borrowings on date of acquisition was AU$147,027.

The ASB Bank has provided an overdraft facility of $500,000 and the Commonwealth Bank of Australia has provided an overdraft of AU$260,000.

The Group acquired historical unsecured borrowings and amounts owing to third parties on the acquisition of iSell Pty Limited, as follows ;
- An interest only loan of AU$11,000 due to a shareholder of iSell (Bullitt Super Fund). The interest rate at 30 June 2020 is 10.9%.
- At 30 June 2020 AU$28,393 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%.
- As at 28 February 2020 iSell has financed insurance premiums over 10 months at 9.29%.

(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
Balance at 1 April 2018	949	-	-
Financing cash flows	(314)	-	-
Balance as at 31 March 2019	**635**	**-**	**-**
Adoption of IFRS16	-	-	157
Acquisitions from business combinations	152	135	-
Non-cash changes		(27)	2,140
Financing cash flows	(350)	(65)	(415)
Exchange differences	4	1	1
Balance as at 30 June 2020	441	44	1,883

21 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 2020 $'000	31 March 2019 $'000
Lease liabilities	1,883	-
Classified as		
Current	704	-
Non-current	1,179	-
	1,883	-

(a) Remaining contractual cashflows

Maturity analysis of the contractual undiscounted cashflows are as follows:

	30 June 2020 $'000	31 March 2019 $'000
Not later than one year	815	-
Later than one year but not later than 5 years	891	-
Later than 5 years	498	-
	2,204	-

There are no lease extension options in addition to the lease liability recognised above.

(b) 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.

22 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.

	Number of authorised shares		Share capital	
Contributed equity - ordinary shares	**30 June 2020**	**31 March 2019**	**30 June 2020**	**31 March 2019**
	shares	shares	$'000	$'000
Opening ordinary shares	9,577,570	9,577,570	6,566	6,566
Issue of ordinary shares - Kilimanjaro acquisition	2,854,649	-	2,147	-
Issue of ordinary shares - iSell share swap	1,197,234	-	900	-
Issue of ordinary shares - Rights issue	2,271,442	-	1,136	-
	15,900,895	9,577,570	10,749	6,566

On 1 January 2020, 2,854,649 shares were issued to existing Kilimanjaro shareholders to acquire the balance of the shares in Kilimanjaro. The shares were issued at a price of $0.752 per share. On 1 January 2020, 1,197,234 shares were issued to existing shareholders in exchange for shares in iSell Pty Limited. The shares were issued at a price of $0.752 per share. On 8 May 2020 2,271,442 shares were issued to eligible shareholders as part of a rights issue. The shares were issued at a price of $0.50 per share.

(b) Dividends

	30 June 2020	**31 March 2019**	**30 June 2020**	**31 March 2019**
	cents per share	cents per share	$'000	$'000
Final dividend for the period ended 31 March 2018	-	1.00	-	95
	-	1.00	-	95

On 16 September 2020 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 30 June 2020. The dividend has been paid at a rate of 2.0 cents per share for all shares on issue at 9 October 2020. 150,683 shares have been issued under the dividend reinvestment plan. No imputation credits are available to be attached.

23 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.

	Sale of services		Purchase of services	
Name of Entity	**30 June 2020**	**31 March 2019**	**30 June 2020**	**31 March 2019**
	$'000	$'000	$'000	$'000
Kilimanjaro Consulting Pty Limited**	321	399	46	49
Zhik Pty Limited	-	11	-	19
Vadacom Limited*	7	13	-	-
Next Telecom*	-	-	102	-
Datagate Innovation Limited	-	17	-	-
iSell Pty Limited***	107	29	-	-
Nicholas Paul (Director)	-	-	135	3
	435	469	283	71

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

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

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

23 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	Amounts owed by related parties		Amounts owed to related parties	
Name of Entity	**30 June 2020**	**31 March 2019**	**30 June 2020**	**31 March 2019**
	$'000	$'000	$'000	$'000
Kilimanjaro Consulting Pty Limited	n.a	146	n.a	29
Zhik Pty Limited	-	18	-	-
Next Telecom Limited	-	-	52	-
	-	164	52	29

	0-30 days	**31-60 days**	**61-90 days**	**+91 days**	**Total**
	$'000	$'000	$'000	$'000	$'000
At 30 June 2020	-	-	-	-	-
At 31 March 2019	33	32	31	68	164

Allowance for impairment loss

The Group has used specific identification on all overdue debtors. The Group measures the loss allowance on related party receivables by referencing past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor. Through this assessment, only a small portion of debt has been determined unrecoverable.

(e) Loans to/from related parties

The following balances are outstanding at the end of the reporting period in relation to both documented and undocumented loans with related parties.

	Amounts owed by related parties		Amounts owed to related parties	
Name of Entity	**30 June 2020**	**31 March 2019**	**30 June 2020**	**31 March 2019**
	$'000	$'000	$'000	$'000
Kilimanjaro Consulting Pty Limited	n.a	572	n.a	-
iSell Pty Limited	n.a	97	n.a	-
	-	669	-	-
Current	-	193	-	-
Non-Current	-	476	-	-
	-	669	-	-

(f) Key management personnel

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

	30 June 2020		**31 March 2019**	
	15 mths	$'000	12 mths	$'000
Salaries, bonuses and commissions		387		201
Consultancy fees		135		3
Directors' fees		112		69
		634		273

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

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

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

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

**Related party to Ronald Baskind*

***Related parties to Lindsay Phillips*

23 RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Directors' fees

Directors received director's fees as detailed below:

	Directors' fees	
	30 June 2020	**31 March 2019**
	15 mths $'000	12 mths $'000
L Phillips	50	40
G Cooper	-	-
N Paul	31	25
R Baskind	-	-
M Fong	31	4
	112	69

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 2020** $'000	**31 March 2019 Restated** $'000
Profit/(loss) for the period	1,359	(1,041)
Adjustments for:		
Depreciation and amortisation	705	115
Net loss/(gain) on foreign exchange	(60)	40
Release of fit out loan	(19)	(15)
Impairment loss on trade receivables	24	(33)
Share of loss from equity accounted investments	276	1,001
Write down of carrying value of joint ventures	-	563
Loan issued in exchange for services	(285)	(572)
Movements in working capital		
(Increase)/decrease in trade and other receivable	(1,629)	22
(Increase)/decrease in contract assets	(350)	21
(Increase)/decrease in income taxes receivable	1	(1)
Increase/(decrease) in trade and other payables	1,777	130
Increase/(decrease) in provisions	1,268	41
Increase/(decrease) in contract liabilities	1,284	(18)
(Increase)/decrease in deferred tax asset	(1,394)	140
Increase/(decrease) in deferred tax liabilities	814	(52)
New working capital assumed on acquisition	(1,110)	-
Net cash inflow from operating activities	2,661	341

25 CONTINGENT LIABILITIES

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

26 SUBSEQUENT EVENTS AFTER BALANCE DATE

On 22 October 2020 Enprise Group Limited took up its full allocation of shares (152,290) in a rights issue in Datagate Innovation Limited. The rights issue price was $2.20 per share or $335,038.

Details of the dividend declared are disclosed in note 22(b).

An offer has been made to the other shareholders of iSell Pty Limited to acquire their shares for AU$0.30 per share. Three shareholders have agreed to accept this offer which is subject to pre-emptive rights and iSell Board approval.

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

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

The local operational bank accounts do not earn interest.

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

At 30 June 2020, 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 2020	31 March 2019	30 June 2020	31 March 2019
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(4)	(5)	(4)	(5)
- 1% (100 basis points)	4	5	4	5

(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 2020	$'000	$'000	$'000	$'000	$'000
Trade and other payables	2,787	-	-	-	2,787
Term loan	279	212	102	-	593
Other borrowings	3	1	42	1	47
Total	3,069	213	144	1	3,427

27 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity analysis 31 March 2019	less than 6 mths $'000	6 - 12 months $'000	1 - 3 years $'000	> 3 years $'000	Total $'000
Trade and other payables	1,010	-	-	-	1,010
Term loan	184	184	307	-	675
Other payables	8	7	4	-	19
Total	1,202	191	311	-	1,704

(d) Financial instrument classification

Financial assets	30 June 2020 $'000	31 March 2019 $'000
Financial asset at fair value through other comprehensive income	813	593
Amortised Cost		
Cash and cash equivalents	3,169	771
Trade receivables (excluding prepayments)	2,675	1,263
Staff receivables	103	87
	6,760	2,714

Financial liabilities at amortised cost	30 June 2020 $'000	31 March 2019 $'000
Trade and other payables	2,787	1,010
Other payables	-	19
Borrowings	44	-
	2,831	1,029

(e) Foreign currency risk

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

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

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

28 NEW ACCOUNTING STANDARDS

(a) Adoption of New Standards

There was one new accounting standard adopted during the period.

NZ IFRS 16: Leases (effective for annual periods beginning on or after 1 January 2019).

This standard replaces the previous guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The profit and loss is impacted by the recognition of an interest expense and a depreciation expense and the removal of the previous rental expense.

This standard affected primarily the accounting for the Group's operating leases. Applying the new standard impacted our net profit. Rental and lease expenses are effectively reclassified into a deprecation component and an interest component to reflect the implied financing in the lease.

Recognition and measurement

- Initially the right-of-use (ROU) asset has been measured at its carrying amount as if NZ IFRS 16 had been applied since the commencement of the lease, but discounted using the Group's borrowing rate.
- Recognition of a lease liability reflects the initial measurement of the present value of lease payments, including reasonably certain renewals.
- The ROU are subsequently measured through depreciating the asset based on NZ IAS 16: 'Property, plant and equipment'.
- The lease liability is reduced when payments are made and interest taken up based on the effective interest method, using a discount rate determined at lease commencement.

The Group has elected to adopt the cumulative effect approach under which the Group will not restate comparative information. Based on existing lease arrangements, the preliminary assessment of the adoption of NZ IFRS 16 results in the recognition of the following:

(b) Summary of NZ IFRS 16 adjustments

Impact to opening retained earnings

The impacts of implementing NZ IFRS 16 from 1 April 2019 are as follows for all leases that the Group is party to:

	$'000
Balance as at 1 April 2019	(346)
NZ IFRS16 adjustments	
Change in recognition of right of use asset	117
Change in recognition of lease liability	(157)
Change in recognition of equity earnings from joint ventures	(49)
Change in deferred tax asset	44
Change in deferred tax liability	(33)
Adjusted balance at 1 April 2019	(424)

(c) Reconciliation to operating lease commitments

The previously disclosed operating lease commitments at 31 March 2019 are reconciled as follows

	1 April 2019 $'000
Total payments previously disclosed	173
Adjustments to payments previously disclosed	(9)
Impact of discounting at weighted average incremental borrowing rate of 6.82%	(7)
	157

29 RESTATEMENT OF COMPARATIVES

(a) Summary of restatement

Following the qualified audit opinion on the financial statements for the year ended 31 March 2019, Enprise Group undertook a review of the methodology and parameters used to support the previous carrying values for its investments in Kilimanjaro Consulting Pty Ltd and iSell Pty Ltd. Advice was sought from independent corporate finance advisors - no adjustment was necessary in relation to Kilimanjaro, however an impairment charge was required for iSell which related to the 31 March 2019 period.

After consultation with independent corporate finance advisors, the post tax WACC rate was adjusted from 14% (20% pre tax) in the 2019 annual report to 25.7%. A fair value estimate was considered as well as a value-in-use model. Other parameters used to reassess the recoverable amount of our previous carrying value in iSell Pty Limited at 31 March 2019 are as follows:

Inputs used - iSell Pty Limited	**2019**
Fair value estimate	
Recurring revenue (AU$'000)	731
Non recurring revenue (AU$'000)	32
Recurring revenue multiple	4.38x
Non recurring revenue multiple	1.0x

After the application of the above inputs it was concluded that the prior year carrying value was overstated by $440,285 and that the impairment be adopted and corrected for in the comparative information.

(b) Impact to profit and loss

	31 March 2019 as reported	**adjustment**	**31 March 2019 as restated**
	$'000	$'000	$'000
Revenue from contracts with customers	6,714	-	6,714
Other operating income*	12	35	47
Employee expense	(4,080)	-	(4,080)
Other operating costs*	(1,943)	(35)	(1,978)
Other gains/(losses) - net	(40)	-	(40)
Equity earnings/(losses) from associates and joint ventures	(1,001)	-	(1,001)
Write down of carrying value of joint ventures	(123)	(440)	(563)
Finance cost - net	(52)	-	(52)
Income tax benefit/(expense)	(88)	-	(88)
Profit/(loss) for the period	(601)	(440)	(1,041)
Other Comprehensive Income			
Foreign currency translation differences	10	-	10
Changes in the fair value of investments through other comprehensive income	345	-	345
Total comprehensive income for the period	(246)	(440)	(686)

* Recharged to associates and joint ventures have previously been applied against costs.

29 RESTATEMENT OF COMPARATIVES (CONTINUED)

(c) Impact to balance sheet

	31 March 2019 as reported	adjustment	31 March 2019 as restated
	$'000	$'000	$'000
Assets			
Cash and cash equivalents	771	-	771
Trade and other receivables	1,324	-	1,324
Contract assets	296	-	296
Current tax assets	1	-	1
Staff receivables	54	-	54
Loans to related parties	193	-	193
Investments in associates, joint ventures	3,880	(440)	3,440
Investments in other entities	593	-	593
Staff receivables - non current	33	-	33
Property plant and equipment	83	-	83
Intangible assets	1,695	-	1,695
Deferred tax asset	352	-	352
Other non-current assets	476	-	476
	9,751	(440)	9,311
Liabilities & Equity			
Trade and other payables	1,010	-	1,010
Provisions	233	-	233
Contract liabilities	705	-	705
Borrowings	635	-	635
Other current liabilities	15	-	15
Deferred tax liability	79	-	79
Other non-current liabilities	4	-	4
Share capital	6,566	-	6,566
Foreign exchange translation reserve	65	-	65
Financial assets at FVOCI reserve	345	-	345
Retained earnings	94	(440)	(346)
	9,751	(440)	9,311

Enprise Group Limited

Corporate Information
for the 15 months ended 30 June 2020

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

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Lindsay Phillips	Chairman
Nicholas Paul	Non-executive Director
Ronald Baskind	Executive Director
Marissa Fong	Non-executive Director

Share Register

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Enprise Group Limited shares are listed on the NZX Market

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Independent Auditor's Report

To the shareholders of Enprise Group Limited

Opinion

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

- the consolidated statement of financial position as at 30 June 2020;
- the consolidated statement of comprehensive income for the 15 month period then ended;
- the consolidated statement of changes in equity for the 15 month period then ended;
- the consolidated statement of cash flows for the 15 month period then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the consolidated financial statements on pages 6 to 45 present fairly, in all material respects, the financial position of the group as at 30 June 2020, and of its financial performance and its cash flows for the period then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

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

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

Key audit matters

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

Acquisitions of Kilimanjaro Consulting Pty Limited and iSell Pty Limited

Why we considered this to be a key audit matter	How our audit addressed this key audit matter
As detailed in Note 14 *Business Combinations,* increases in the Enprise Group's level of investment has led to control being obtained over both Kilimanjaro Consulting Pty Limited (Kilimanjaro) and iSell Pty Limited (iSell). Both of these entities were previously recorded as equity-accounted joint ventures or associates, and are now considered subsidiaries of the group. The accounting requirements for such acquisitions achieved in stages (step acquisitions), where non-controlling interests were previously held as equity-accounted investments, require significant judgements in relation to: - Determining the date that control was achieved - Remeasurement of the previously held equity interest in each acquiree at the respective acquisition-date - Determining the fair values of the acquired assets and liabilities of each acquiree, including intangible assets acquired, for the purposes of determining the initially recorded values of those acquired assets and liabilities within the Enprise group. As the accounting for these acquisitions has a continuing impact on the balance sheet and reported results, this area was considered to be a key audit matter given the financial significance and degree of subjectivity in making these assessments.	In order to evaluate the date that control was achieved, for both acquisitions we obtained and considered: - Details of the existing arrangements between shareholders and the additional investment made in the period; - The group's accounting advisors reports in relation to each acquisition. We obtained management's advisors reports estimating the fair value of the previously held interests in each of the acquirees. We evaluated the competencies of management's expert and the suitability of their work for the purposes of the estimates. We assessed the reasonableness of the valuation methodology and the range of inputs utilised. We performed tests of detail in relation to the completeness, accuracy and valuation of the acquired assets and liabilities. Where fair value was required to be estimated in relation to acquired intangible assets, we obtained management's workings, evaluated the assumptions made and tested the calculations to ensure the valuation estimates used were appropriate. We considered whether the accounting entries recognised to account for the step acquisitions were consistent with the requirements of NZ IFRS 3 *Business Combinations*, and evaluated the related disclosures. We confirmed the consideration transferred for the acquisitions was recorded correctly, and that goodwill as a residual was correctly accounted for in relation to these acquisitions.

Testing of non-current assets for potential impairment	
Why we considered this to be a key audit matter	**How our audit addressed this key audit matter**
The group has recognised $10,960,000 of goodwill and other intangible assets as at 30 June 2020 as detailed in Note 18. As a result an annual impairment test is required under NZ IAS 36 *Impairment of Assets*. The testing of the carrying value of the group's assets for impairment involves subjective assumptions and the application judgment in calculating the estimated recoverable amount of each cash generating unit, in order to determine whether impairment is required. Key considerations applied by management include: - Determining the allocation of both assets and cashflows (including corporate costs) across the group's cash generating units (CGUs); - Accuracy of cashflow forecast information given the current operating environment; - Determining appropriate discount rates to apply in determining the recoverable amount of each CGU. The impairment testing is considered to have a high degree of inherent estimation uncertainty, as changes in cashflow assumptions or discount rates can have a very significant impact on the assessed recoverable amount.	Our procedures in relation to the impairment testing of the group's cash generating units included: - Evaluating the basis of the allocation of assets and cashflows to CGUs within the group; - Understanding and evaluating the process used to develop the cashflow forecasts used for the purposes of impairment testing; - Assessing the group's past performance in achieving forecast results; - Comparing and critiquing the assumptions and models utilised in the forecasts, including expectation of future revenue growth and margin levels; - Evaluating how allowance for the current uncertain economic conditions have been incorporated into the forecasting and impairment testing; - Comparing the discount rate utilised to our own expectations based on consultation with our valuation specialists; and - Performing sensitivity testing for reasonably possible changes in key assumptions. We evaluated the related disclosures within the financial statements in relation to the requirements of NZ IAS 36. We also considered the basis and appropriateness of the assessment of the recoverable amount of Kilimanjaro Consulting Pty Limited and iSell Pty Limited as at 31 March 2019. The revised assessment relating to iSell Pty Limited resulted in a restatement of the 2019 carrying value of iSell Pty Limited as detailed in note 29.

Revenue recognition

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

Other matter

The consolidated financial statements of Enprise Group Limited and its subsidiaries for the year ended 31 March 2019 were audited by another auditor who expressed a qualified opinion on those statements on 19 August 2019. Their opinion was qualified as a result of two matters:

- Their inability to obtain sufficient audit evidence to support the carrying amount of the group's investment in, and loan to, iSell Pty Limited as 31 March 2019, and the group's share of net loss for the 2019 year; and
- Their inability to obtain sufficient audit evidence to support the carrying amount of the group's investment in, and loan to, Kilimanjaro Consulting Pty Limited as 31 March 2019, the related impairment expense for the year and the group's share of net loss for the 2019 year.

They considered the potential impact of the above matters to be material to the consolidated financial statements of the group for the year ended 31 March 2019.

Other information

The directors are responsible for the other information included in the annual report. The other information comprises the director's report on pages 2 to 5 and the corporate information on page 46 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Responsibilities of the directors for the consolidated financial statements

The directors are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

Who we report to

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

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

RSM

RSM Hayes Audit
Auckland

25 November 2020