Earlypay Limited (EPY)

ABN: 88 098 952 277 Appendix 4E

Preliminary Final Report *Year ended 30 June 2022*

Financial year ended: 30 June 2022
Previous financial year ended: 30 June 2021

Audit Status: This report is in the process of being audited.

Results for announcement to the market

				$'000s
Revenue from ordinary activities	up	22.65%	to	53,801
Net profit for the year after tax attributable to members	up	82.70%	to	13,223

Dividends	**Amount per security**	**Franked amount per security**
Final dividend – declared on 25 August 2022 Interim dividend – declared on 24 February 2022	1.80 cents 1.40 cent	100% 100%
Record date for determining entitlements to the final dividend	16 September 2022	
Date for payment of the final dividend	7 October 2022	
Dividend Reinvestment Plan ("DRP") will apply to the final dividend.		

	2022	2021
Net tangible asset backing	**Cents**	**Cents**
Net tangible asset backing per ordinary security (per share)	18.18	10.81

Net tangible asset calculation excludes deferred tax and intangible assets.

Brief explanation of any of the figures reported to enable the figures to be understood.

Commentary:

Earlypay Limited reports Underlying NPATA of $14.7m (FY'21: $8.7m)

Statutory NPAT of $13.2m, includes;

i) *Non-cash items of $1.5m, relating to $1.5m amortisation of intangibles.*

Please refer to FY`22 Results announcement.

For any queries, please contact Daniel Riley on 0411 883 427.

Signed: Daniel Riley, Director
Date: 25th August 2022

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

	Note	Consolidated Group 2022 $ 000's	Restated* 2021 $ 000's
Revenue	2	53,801	43,865
Expenditure			
Commissions		(2,878)	(1,922)
Allowance for expected credit losses		(557)	730
Depreciation and amortisation expense - other	3	(791)	(758)
Amortisation – Customer Relationships	12	(1,500)	(1,500)
Employee benefits expense (direct employees)		(14,508)	(13,197)
Employee benefits expense (on-hire staff)		-	(178)
Finance costs		(9,742)	(9,482)
Insurance		(1,849)	(1,747)
IT expenses		(1,248)	(1,250)
Legal expenses		(1,671)	(1,109)
Marketing		(506)	(365)
Trust expenses		(904)	(644)
Other expenses		(2,357)	(2,123)
Total expenditure	3	(38,511)	(33,545)
Profit before Income Tax		15,290	10,320
Income tax expense	5	(2,067)	(3,082)
Profit for the year from continuing operations		13,223	7,238
Profit attributable to members of the parent entity		13,223	7,238
Other comprehensive income		-	-
Total comprehensive income for the year		13,223	7,238
Earnings per Share:			
Basic earnings per share (cents)	20	4.70	3.18
Diluted earnings per share (cents)	20	4.66	3.05

*Please refer to Note 1(z)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	Consolidated Group 2022 $ 000's	Restated* 2021 $ 000's
Current Assets			
Cash and cash equivalents	6	52,707	44,770
Trade receivables – debtor finance	7	270,455	199,697
Trade and other receivables – other	7	-	709
Finance lease receivables	8	38,398	34,500
Other assets	9	4,032	3,305
Total Current Assets		365,592	282,981
Non-Current Assets			
Finance lease receivables	8	93,130	58,864
Plant and equipment	10	272	213
Right of use assets	11	530	1,044
Deferred tax assets		3,382	2,281
Intangible assets	12	29,924	31,047
Total Non-Current Assets		127,238	93,449
Total Assets		492,830	376,430
Current Liabilities			
Trade payables – debtor finance	13	108,300	81,594
Trade payables	13	2,649	2,480
Other liabilities	14	352	23,384
Lease liabilities	15	452	629
Borrowings	16	142,474	132,734
Tax liabilities	5	1,331	1,750
Provision - employees	17	1,251	1,137
Total Current Liabilities		256,809	243,708
Non-Current Liabilities			
Borrowings	16	150,584	73,530
Provision - employees	17	232	165
Lease liabilities	15	110	514
Total Non-Current Liabilities		150,926	74,209
Total Liabilities		407,735	317,917
Net Assets		85,095	58,513
Equity			
Issued capital	18	73,470	52,773
Retained earnings		10,941	5,299
Reserves	19	684	441
Total Equity		85,095	58,513

*Please refer to Note 1(z)

The accompanying notes form part of these financial statements.

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

	Note	Share Capital	Reserves	Retained earnings	Total Equity
	Note	$ 000's	$ 000's	$ 000's	$ 000's
Balance at 1 July 2020		47,727	441	4,222	52,390
Profit after income tax expense for the year		-	-	7,238	7,238
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	7,238	7,238
Transactions with owners in their capacity as owners:					
Contributions of equity	18	5,219	-	-	5,219
Dividends provided for or paid	21	-	-	(6,161)	(6,161)
Transaction costs (net of tax)	18	(173)	-	-	(173)
Balance at 30 June 2021		52,773	441	5,299	58,513
Balance at 1 July 2021		52,773	441	5,299	58,513
Profit after income tax expense for the year		-	-	13,223	13,223
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	13,223	13,223
Transactions with owners in their capacity as owners:					
Contributions of equity	18	21,426	-	-	21,426
Dividends provided for or paid	21	-	-	(7,581)	(7,581)
Share-based payment		-	243	-	243
Transaction costs (net of tax)	18	(729)	-	-	(729)
Balance at 30 June 2022		73,470	684	10,941	85,095

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	Consolidated Group 2022 $ 000's	Restated* 2021 $ 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,813	27,727
Interest received from customer		27,199	21,306
Payments to suppliers and employees		(30,162)	(33,340)
Interest received - other		35	42
Finance costs		(9,620)	(9,455)
Income tax paid		(3,589)	(1,469)
Net cash provided by operating activities	22(b)	12,676	4,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(129)	(59)
Payments for IT Development		(602)	(359)
Net payments for client receivables		(42,933)	(36,526)
Net (payments for)/ proceeds from equipment lease receivables		(38,101)	3,167
Payment for subsidiaries, net of cash acquired		(2,462)	(3,948)
Net cash (used in)/ provided by investing activities		(84,227)	(37,725)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payment)/ Proceeds from issue of shares	18	(40)	22,936
Proceeds from borrowings	22(c)	134,614	57,483
Repayment of borrowings	22(c)	(47,943)	(35,168)
Repayment of lease liability		(581)	(572)
Dividends paid, net of reinvestment	18,21	(6,562)	(5,192)
Net cash provided by/ (used in) financing activities		79,488	39,487
Net increase in cash held		7,937	6,573
Cash at the beginning of the financial year		44,770	38,197
Cash at the end of the financial year	22(a)	52,707	44,770

*Please refer to Note 1(z)

The accompanying notes form part of these financial statements.

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

NOTE 1 Significant accounting policies

These consolidated financial statements and notes represent those of Earlypay Limited and controlled entities ("the Group"). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency. Earlypay Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

(a) Basis of preparation

This Preliminary Final Report, including the Appendix 4E, does not include all the Notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Group during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

(b) New Accounting Standards adopted by the Group

The Group has adopted the recognition and measurement of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and there has been no material impact. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. It is not expected that these will have material impact in future reporting periods.

(c) Going Concern

The financial report has been prepared on a going concern basis.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Parent entity as at 30 June 2022 and the results of all subsidiaries for the year then ended. The Parent entity and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. A list of controlled entities is contained in Note 25 to the financial statement.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTE 1 Significant accounting policies (continued)

(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. All acquisition costs are expensed as incurred to profit or loss.

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

Where the business combination is achieved in stages, the Group 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. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value. Acquisition related costs are expensed as incurred.

NOTE 1 Significant accounting policies (continued)

(f) Revenue

Revenue recognition
The consolidated entity recognises revenue as follows:

Invoice Finance and Equipment Finance – Interest revenue
Interest revenue is calculated and charged on the average outstanding loan or lease balance and recognised on an accrual basis using the effective interest rate method, This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Invoice Finance – Fee revenue – Revenue from contract with customers
Fee revenue which consists of administration charge, minimum administrative charge, advance fees and other Invoice Finance service-related charges are recognised as income at a point in time as they accrue and are earned.

Invoice Finance– Other revenue
Other revenue consists of establishment fees which are recognised over the life of the relevant contracts.

Equipment Finance – Fee revenue – Revenue from contract with customers
Fee revenue which consists of dishonour fees, payout fees and other Equipment Finance service-related charges are recognised as income at a point in time as they accrue and are earned.

Equipment Finance – Other revenue
Other revenue consists of establishment fees and broker fees, which are recognised over the life of the relevant contracts.

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTE 1 Significant accounting policies (continued)

(f) Revenue (continued)

Other revenue includes a rebate from funding facility and government incentives, which are recognised when received or when the right to receive payment is established.

Government incentive
Government incentive relates to Jobkeeper payment programme announced by Federal Government.

Jobkeeper payment was recognised in the consolidated statement of Profit or Loss and Other Comprehensive Income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the payment is intended to compensate.

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

(g) Income tax
The income tax expense for the year comprises current income tax expense and deferred tax expense (income).

The charge of current income tax expense is based on profit for the year adjusted for non-assessable or disallowed items. Current tax liabilities/(assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1 Significant accounting policies (continued)

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the Group's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition in accordance with the relevant criteria in AASB 9.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days. Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost. This is further discussed in the policies stated in Note 1(m) and (n).

Borrowing

Where a borrowing contract contains an embedded interest rate swap that is closely related to the host (ie the original borrowing agreement), the derivative is not accounted for separately and the loan is measured at amortised cost using the swap interest rate.

NOTE 1 Significant accounting policies (continued)

(i) Impairment of financial instruments

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost; and
(b) receivables from contracts with customers and contract assets.

The Group applies AASB 9 to measure the allowance for credit losses. Under AASB 9, the Group determines the allowance for credit losses for receivables based on the lifetime expected credit losses of the instrument and credit impaired. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset. Where an asset is expected to mature in 12 months or less, the "12-month ECL" and the "lifetime ECL" have the same effective meaning and accordingly, lifetime ECLs are recognised for all trade receivables using the simplified approach.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the Probability of Default ("PD"), changes in which lead to the identification of a significant increase in credit risk and PD is then a factor in the measurement of ECLs.

The Group's definition of default for this purpose is:

- a counterparty defaults on a payment due under a loan agreement and that payment is more than 120 days overdue, and
- the collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- a counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The Group determines expected credit losses by applying probability of default (PD) x exposure at default (EAD) x loss given default (LGD) adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. Expected Credit Loss Rate is PD x LGD.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;
(b) breach of contract;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) in hardship

NOTE 1 Significant accounting policies (continued)

(j) Impairment of non-financial assets

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

(k) Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks

Trademarks recognised by the Group have an indefinite useful life and are not amortised. The directors believe the useful life is indefinite based on the name acquired being synonymous with the business activity acquired and which is the main business of the Group.

Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in Note 1 (j).

Customer Relationships

Customer relationships is carried at fair value at the date of acquisition less accumulated amortisation. The directors believe the useful life of customer relationships acquired for Cashflow Advantage, 180 Group, 1stCash were 2 years and Classic Funding Group was 3 years.

NOTE 1 Significant accounting policies (continued)

(k) Intangibles (continued)

Software in relation to IT development

Software in relation to IT development is carried at cost less accumulated amortisation.

Software in relation to IT development is reported at cost value less GST and is amortised over its estimated useful economic life. The useful life of software varies depending on what the assets are and ranges from 18 months, being 66.67% amortisation, through to 5 years, being 20% amortisation.

(l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of trade receivables is reviewed on an ongoing basis. An allowance for expected credit loss is made using simplified approach further outlined in Note 1(i) and Note 7. The amount of the expected credit loss is recognised in comprehensive income within other expenses. When a trade receivable for which allowance for expected credit loss had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in comprehensive income.

(n) Finance lease receivables – as lessor

The Group has recognised loans secured against finance lease equipment. Equipment is owned by the customers and there is no residual or lump sum amounts at the end of the loan agreement. The Group recognises principal and interest receivable over the term of the loan at the beginning of the loan and the principal and interest is amortised according to each loan schedule as scheduled repayments are received. Impairment assessment of financial instruments is in accordance with the policy stated in Note 1(i).

(o) Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated on a diminishing balance or straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:

NOTE 1 Significant accounting policies (continued)

(o) Plant and equipment (continued)

	Depreciation rate	Depreciation method
Motor vehicles	20-25%	Straight line
Office equipment	20-40%	Straight line and Diminishing value
Leasehold Improvements	20-40%	Straight line
Software	30-40%	Straight line
Low-value Pool	18.75-37.5%	Diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(p) Right-of-use assets

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

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated amortisation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

(q) 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 from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Finance costs

Finance costs are recognised in the year in which they are incurred.

NOTE 1 Significant accounting policies (continued)

(s) 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.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets
Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(t) Employee benefits
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.

(iii) Share-based payments
Share-based compensation benefits may be provided to directors and employees. The fair value of shares or options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares/options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTE 1 Significant accounting policies (continued)

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

(v) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(w) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Director’s Reports) Instrument 2016/191. Accordingly, amounts in the financial statements and directors’ report have been rounded off where appropriate to the nearest $1,000, unless otherwise specified.

(y) Critical Accounting Estimates and Judgments

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

Key estimates

(i) Impairment – General

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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

NOTE 1 Significant accounting policies (continued)

(y) Critical Accounting Estimates and Judgments (continued)

The discounted cash flow method has been used to arrive at the recoverable amount of goodwill in the financial statements. No impairment has been recognised in respect of goodwill at the end of the reporting period as the recoverable amount exceeds the carrying value.

Key judgments
(ii) Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss for each group. These assumptions include recent sales experience, historical collection rates, inflation, interest rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in notes 7 and 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

(iii) Swap arrangement
In accounting for borrowings with interest rate swaps attached, management have made a key accounting judgement in determining that the swap arrangement is closely related to the host instrument and therefore accounted for these together and not separately.

(z) Prior year comparative restatements

During the year, Earlypay has made the following prior year reclassification adjustments within the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows:

1. Reclassification of $19,877,000 unsecured corporate bond from non-current borrowing to current borrowing on the statement of financial position. As announced to the ASX market on the 23 November 2021, Earlypay noted a classification error in relation to their $19,877,000 bond. The bond was incorrectly classified as non-current in the statement of financial position as at 30 June 2021, As a result of this restatement, total current liabilities were restated from $112,857,000 to $132,734,000 and total non-current liabilities were restated from $93,407,000 to $73,530,000. Total liabilities remain unchanged at $317,917,000 as at 30 June 2021.

2. Reclassification of $23,310,000 finance lease receivables from non-current to current. During the year, Earlypay reassessed the classification of finance lease receivables and has determined that it would be more appropriate that $23,310,000 of finance lease receivables be reclassified from non-current to current on the statement of financial position as at 30 June 2021. As a result of this restatement, total current assets were restated from $259,671,000 to $282,981,000 and total non-current assets were restated from $116,759,000 to $93,449,000. Total assets remain unchanged at $376,430,000 as at 30 June 2021.

3. Reclassification of $999,000 from Trust expenses to Finance costs. Finance costs from fixed interest loan being incorrectly classified as trust expenses. Total expenditure remains unchanged at $33,545,000.

4. Reclassification of $21,306,000 from receipts from customers to interest received from customers on the statement of cashflow as at 30 June 2021, in accordance with AASB 107 Statement of Cash Flows. Net cash provided by operating activities remain unchanged at $4,811,000 as at 30 June 2021.

5. Receipts from customers and payments to suppliers and employees have both been reduced by $4,257,000 because they were incorrectly overstated. Net cash provided by operating activities remain unchanged at $4,811,000 as at 30 June 2021.

6. Reclassification of $999,000 from payment to suppliers to finance costs, due to finance costs from fixed interest loan being incorrectly classified as trust expenses. Net cash provided by operating activities remain unchanged at $4,811,000 as at 30 June 2021.

NOTE 2 Revenue

	Consolidated Group 2022 $ 000's	Consolidated Group 2021 $ 000's
Revenue from continuing operations		
Services		
Invoice Finance – Revenue from contracts with customer	21,081	17,293
Invoice Finance – Interest Income	15,596	10,731
Invoice Finance – Other	673	295
Equipment Finance – Revenue from contracts with customer	2,312	1,781
Equipment Finance – Interest Income	11,436	10,421
Equipment Finance – Other	1,889	1,797
Other services provided to customers	-	196
Other revenue		
Foreign currency loss on translation	(3)	-
Government incentive	-	1,309
Rebate from funding facility	776	-
Interest received – Other entities	35	42
Total revenue	53,801	43,865

All revenue from contract with customers is recognised at a point in time once the service has been provided.

NOTE 3 Expenses

	Consolidated Group 2022 $ 000's	Consolidated Group 2021 $ 000's
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation - other		
- Plant & Equipment	52	276
- Right of use asset	514	426
- Software development	225	56
Amortisation – Customer relationships	1,500	1,500
Finance costs expensed from borrowing	9,705	9,474
Finance costs expensed from leasing activities	37	8
Allowance for expected credit losses	554	(730)
Employee superannuation expense	947	809
Short-term lease expense	581	571

NOTE 4 Segment Information

Identification of reportable segments
The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment;
- The type or class of customer for the products or services; and
- Any external regulatory requirements.

Types of products and services by segment

(i) ***Invoice Finance***
Invoice Finance includes debtor finance and trade finance. Debtor finance provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from the customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. In conjunction with debtor finance, trade finance can be provided to eligible customers.

(ii) ***Equipment Finance***
Refers to equipment finance for both new and old equipment. This includes sale-back of owned or partially owned equipment, private sales, and mid-term refinancing.

(iii) ***Other Services***
Refers to employment solutions including labour sourcing and project management.

Basis of accounting for purposes of reporting by operating segments

(a) ***Accounting policies adopted***
Unless stated otherwise, all amounts reported to the Board of Directors, being the chief and operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) ***Inter-segment transactions***
There are no Inter-segment transactions.

(c) ***Segment assets***
Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) ***Segment liabilities***
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

(e) ***Unallocated items***
The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Other Interest costs and interest income
- Depreciation and amortisation

NOTE 4 Segment Information (continued)

	Invoice Finance and Trade	Equipment Finance	Other services	Corporate	Total
	$'000's	*$'000's*	*$'000's*	*$'000's*	*$'000's*
Year ended 30 June 2022					
Invoice Purchased	*2,415,205*				
Total segment revenue	37,350	15,637	-	773	53,766
EBITDA (adjusted)	19,703	9,624	-	(2,039)	27,288

	Invoice Finance and Trade	Equipment Finance	Other services	Corporate	Total
	$'000's	*$'000's*	*$'000's*	*$'000's*	*$'000's*
Year ended 30 June 2021					
Invoice Purchased	*1,863,793*				
Total segment revenue	29,372	14,126	325	-	43,823
EBITDA (adjusted)	14,208	9,573	(21)	(1,742)	22,018

The Board assesses the performance of the operating segments based on a measure of EBITDA (adjusted). This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses, and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are also not allocated to segments.

A reconciliation of EBITDA (adjusted) to operating profit before income tax is provided as follows:

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Adjusted profit before income tax	27,288	22,018
Depreciation and amortisation	(791)	(758)
Amortisation – Customer Relations	(1,500)	(1,500)
Interest costs	(9,742)	(9,482)
Interest income	35	42
Operating Profit before income tax from continuing operations	15,290	10,320

NOTE 4 Segment Information (continued)

Segment assets
The nature of the business is such that assets are used across all segments therefore cannot be identified as relating to a specific segment. The net book value of assets is $492.4m (2021: $376.4m) per the consolidated statement of financial position. All assets are based in Australia.

Segment liabilities
The nature of the business is such that liabilities cannot be identified as relating to a specific segment. The net value of liabilities is $407.3m (2021: $317.9m) per the consolidated statement of financial position.

Major customers
The Group has number of customers to which it provides both products and services. The most significant single external customer represents 2.23% of external revenue (2021: 2.06%). The next most significant client accounts for 1.50% (2021: 1.57%) of external revenue. All revenue attributable to external customers was generated in Australia.

NOTE 5 Income Tax Expense

		Consolidated Group 2022 $ 000's	Consolidated Group 2021 $ 000's
(a)	*The components of tax expense comprise:*		
	Current tax	(4,056)	(2,329)
	Deferred tax	1,989	(753)
	Income Tax Expense	(2,067)	(3,082)
(b)	*The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:*		
	Prima facie tax payable on profit from ordinary activities before income tax at 30.0% (2021: 26.0%)	(4,587)	(2,683)
	Add tax effect of:		
	Other (non-allowable)/ deductible items	397	(399)
	Adjustment recognised for prior periods	2,123	-
	Income tax benefit (expense)	(2,067)	(3,082)
	The applicable weighted average tax rates are as follows:	13.52%	29.86%
(c)	Income Tax Payable	1,331	1,750

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

NOTE 6 Cash and cash equivalents

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Cash at bank and in hand	52,707	44,770
	52,707	44,770

NOTE 7 Trade receivables

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Trade receivables – debtor finance	273,158	203,518
Less: Allowance for expected credit losses	(2,703)	(3,821)
	270,455	199,697
Other receivables	-	709
Trade and Other receivables	-	709
Client Receivables		
Trade receivables – debtor finance	273,158	203,518
Less: Trade payables – debtor finance	(108,300)	(81,594)
Client Receivables	164,858	121,924
Less: Allowance for expected credit losses	(2,703)	(3,821)
Net Client Receivables	162,155	118,103

NOTE 7 Trade receivables (continued)

Trade receivables – Debtor finance

Receivables from Debtor Finance are invoices purchased from clients. These invoices have various payment terms, but majority of the invoices have 30 day terms. On average, invoices were paid within 38 days in FY22.

The Group determines expected credit losses by applying probability of default (PD) x exposure at default (EAD) x loss given default (LGD) adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. Expected Credit Loss Rate is PD x LGD.

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Opening balance	3,821	5,288
Net remeasurement of allowance	106	244
Receivables written off during the year as uncollectable	(1,224)	(1,711)
Closing balance	2,703	3,821

The following table provides information about the risk profile of Trade receivables - debtor finance:

Credit risk profile of receivables from clients

2022	Expected credit loss rate	Carrying amount	Eligible Invoices	Allowance for ECL
	%	$ 000's	$ 000's	$ 000's
Not overdue	0.08%	133,561	128,206	107
Less than 30 days overdue	0.16%	86,625	81,646	129
30 - 60 days overdue	0.62%	17,296	16,497	104
60 - 90 days overdue	5.94%	7,131	2,446	145
90 - 120 days overdue	-	8,906	-	-
Over 120 days overdue	-	10,035	-	-
Credit Impaired	23.10%	9,604	-	2,218
		273,158	228,795	2,703

The ECL calculation methodology has been changed in FY22. The FY22 ECL has been prepared based on eligible invoices. Eligible invoices are invoices that are less than 90 days overdue and have no issues with the value of the invoice, collection of invoice and dispute with the invoice. The previous ECL calculation was based on total balances which included both eligible and ineligible invoices. The ECL calculation has been adjusted to exclude the ineligible invoices from the ECL calculations. All invoices over 90 days overdue were ineligible invoices. Ineligible invoices are non-funded invoices and hence no ECL calculation is required under the new ECL calculation methodology. When applying the new methodology to the prior period it was assessed that were no material adjustments required to the prior period.

NOTE 7 Trade receivables (continued)

2021	Expected credit loss rate	Carrying amount	Allowance for ECL
	%	$ 000's	$ 000's
Not overdue	0.00%	79,389	-
Less than 30 days overdue	0.00%	80,141	-
30 - 90 days overdue	0.00%	28,231	-
Over 90 days overdue	6.30%	10,946	685
Credit Impaired	65.20%	4,811	3,136
		203,518	3,821

The FY21 ECL calculation has been prepared based on receivables over 90 days overdue.

The Group advances up to 80% of eligible invoices for the Invoice Finance division. Eligible invoices are invoices that are less than 90 days overdue and have no issues with the value of the invoice, collection of invoice and dispute with the invoice. If the eligible invoices become ineligible invoices because they did not meet the eligible invoice criteria, it will reduce client's available funding. If the client is in an overfunded position, the client can either sell new invoices to increase their available funding or the Group can claw back the overfunded amount from the client. As the Group funds 80% of eligible invoices, there are sufficient headroom to recover the overfunded position from the client through the remaining 20% of the eligible invoices. The Group also ensures that the invoice purchased from clients have a good spread of debtors and if there is concentration issue, the Group ensures that there is trade credit insurance in place. Key risks that the Group is exposed to are fraud and invoice disputes.

The Group maintains a risk register for individual clients that have issues repaying the advanced funds. The Group performs a stress test of each individual client's circumstances, and the stress test amount is recognised as credit impaired.

NOTE 8 Finance lease receivables

	Consolidated Group 2022 $ 000's	Consolidated Group Restated* 2021 $ 000's
Current:		
Finance lease receivables	49,080	43,073
Allowance for expected credit losses	(366)	(538)
Unamortised loan brokerage fees	827	336
Unamortised loan transaction fees	(858)	(1,218)
Unamortised interest receivable	(10,285)	(7,153)
Total Current	38,398	34,500
Non-Current:		
Finance lease receivables	111,005	71,097
Allowance for expected credit losses	(1,061)	(951)
Unamortised loan brokerage fees	2,413	664
Unamortised loan transaction fees	(3,250)	(2,016)
Unamortised interest receivable	(15,977)	(9,930)
Total Non-Current	93,130	58,864
Grand Total	131,528	93,364

*Please refer to Note 1(z)

Impairment of finance lease receivables

	Consolidated Group 2022 $ 000's	Consolidated Group 2021 $ 000's
Opening balance	1,490	2,954
Net remeasurement of allowance	(75)	(1,183)
Receivables written off during the year as uncollectable	(513)	(728)
Additional provisions recognised	525	447
Closing balance	1,427	1,490

NOTE 8 Finance lease receivables (continued)

The following table provides information about the risk profile of lease receivables:

Credit risk profile of receivables from customers

	Expected credit loss rate		Carrying amount		Allowance for ECL	
	2022	2021	2022	2021	2022	2021
	%	%	$	$	$	$
Not overdue	0.5%	0.7%	158,236,041	112,012,573	837,418	754,258
Less than 30 days overdue	1.7%	1.5%	56,818	61,239	959	941
30 - 60 days overdue	9.3%	7.3%	12,385	19,221	1,151	1,403
60 - 90 days overdue	16.6%	11.6%	4,448	11,549	739	1,343
Over 90 days overdue	27.0%	24.7%	33,887	123,316	9,154	30,411
Credit Impaired	33.2%	37.7%	1,742,212	1,805,653	578,374	680,229
Hardship	0.0%	15.4%	-	136,667	-	21,031
			160,085,791	114,170,218	1,427,795	1,489,616

NOTE 9 Other Assets

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
CURRENT:		
Prepayments	2,705	2,396
Accrued Income	819	479
Advances	106	16
Deposits Paid	402	414
Total	4,032	3,305

NOTE 10 Plant & Equipment

	Consolidated Group 2022 $ 000's	Consolidated Group 2021 $ 000's
Leased motor vehicles		
At cost	76	49
Accumulated depreciation	(8)	(25)
	68	24
Software & Office equipment		
At cost	2,385	2,350
Accumulated depreciation	(2,216)	(2,206)
	169	144
Leasehold Improvements		
At cost	553	538
Accumulated depreciation	(522)	(498)
	31	40
Low-value pool		
At cost	21	20
Accumulated depreciation	(17)	(15)
	4	5
Total Plant & Equipment	272	213

	Consolidated Group				
2022 Consolidated:	Leased Motor Vehicles	Computer & Office Equipment	Leasehold Improvements	Low-value Pool	Total
	$000's	$000's	$000's	$000's	$000's
Balance at the beginning of the financial year	24	144	40	5	213
Additions	76	46	15	1	138
Disposal or classified as held for sale	(27)	-	-	-	(27)
Depreciation	(5)	(21)	(24)	(2)	(52)
Carrying amount at the end of the financial year	68	169	31	4	272
2021 Consolidated:					
Balance at the beginning of the financial year	33	280	100	5	418
Additions	-	60	4	7	71
Depreciation	(9)	(196)	(64)	(7)	(276)
Carrying amount at the end of the financial year	24	144	40	5	213

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

Note 11 Right of use asset

	Consolidated Group 2022 $ 000's	2021 $ 000's
Land and buildings: right-of-use	2,717	1,999
Less: Accumulated depreciation	(2,187)	(955)
	530	1,044

Depreciation during the year was $514,000 (2021: $426,000) and additions to the right-of-use assets during the year were $718,000 (2021: $383,000) during the year.

The consolidated entity leases land and buildings for its offices under agreements of between four to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 12 Intangible Assets

	Consolidated Group 2022 $ 000's	2021 $ 000's
Goodwill:		
Opening net book balance	26,595	19,885
Acquired on business combination	-	6,721
Adjustment to prior year acquisition during the measurement period	-	(11)
Net book value	26,595	26,595
Trademarks:		
Opening net book balance	2,128	2,125
Acquired on business combination	-	3
Net book value	2,128	2,128
Customer Relationships:		
Opening balance	2,000	3,500
Amortisation	(1,500)	(1,500)
Net book value	500	2,000
Software Development:		
Opening net book balance	324	21
Capitalised during the year	602	359
Amortisation	(225)	(56)
Net book value	701	324
Total	29,924	31,047

NOTE 12 Intangible Assets (continued)

Intangible assets have been tested for impairment at 30 June 2022 resulting no impairment loss (2021: nil). Intangible assets, other than goodwill and trademarks, have finite useful lives ranging from 18 months to 5 years. Amortisation is calculated according to the estimated remaining economic useful life of the asset.

Goodwill and trademarks have an indefinite life.

(a) Impairment tests for goodwill and trademark

Goodwill and trademark acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Invoice Finance	21,204	21,204
Equipment Finance	7,519	7,519
	28,723	28,723

The recoverable amount of the consolidated entity's goodwill and trademark has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value. Perpetual growth method is used to calculate a terminal value, which assumes the final year growth rate will continue indefinitely.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for all divisions:

- 10.0% (2021: 8.0%) discount rate;
- 2.5% (2021: 2.5%) per annum projected EBITDA growth rate; and
- 2.5% (2021: 2.5%) per annum terminal EBITDA growth rate.

The discount rate of 10.0% reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the Group, the risk-free rate, and the volatility of the share price relative to market movements.

(b) Impairment Charge

Intangible assets with indefinite lives have been tested for impairment at 30 June 2022 resulting no impairment charge. No indicators of impairment were identified for finite life intangible assets.

(c) Impact of possible changes in key assumptions

If there was no budgeted growth rate, the Group would have not recognised an impairment of goodwill. If the estimated cost of capital used in determining the discount rate for goodwill and trademarks had been 20%, the Group would not have to recognise an impairment of goodwill and trademark.

NOTE 13 Trade and Other Payables

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Trade payables		
CURRENT:		
Unsecured liabilities		
Trade payables – Debtor finance	108,300	81,594
Total	108,300	81,594
Trade payables - other	2,649	2,480
Total	2,649	2,480
Grand Total	110,949	84,074

NOTE 14 Other Liabilities

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
CURRENT:		
Unsecured liabilities	352	4,527
Placement (*Issue of 44,897,846 shares at an issue price of $0.42* on 01 July 2021)	-	18,857
	352	23,384

NOTE 15 Lease liabilities

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
CURRENT:		
Lease liability	452	629
	452	629
NON-CURRENT:		
Lease liability	110	514
	110	514

Non-cancellable leases
The lease liabilities comprise of the following leases:

The property lease at Brisbane expires on 31 October 2023. It is a 5 year lease plus 2 year extension with rent payable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 3.5% per annum.

NOTE 15 Lease liabilities (continued)

The property lease at North Sydney expires on 31 December 2022. It is a 5 year lease with rent payable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 4% per annum.

The property lease at Melbourne expires on 29 April 2024. It is a 3 year lease with rent repayable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 3.0% per annum.

Note 16 Borrowings

	Average interest rate %	**Facility limit $000's**	**Maturity**	**30-Jun-22 $000's**	**Restated* 30-Jun-21 $000's**
CURRENT					
Unsecured:					
Unsecured Loans – Insurance	1.59%	-	Mar 2023	1,534	1,500
Unsecured Corporate Bond	-	-	-	-	19,877
Total				1,534	21,377
Secured:					
Securitised Debtor Finance warehouse facility –Overdraft	-	-	-	(5)	2,365
Receivables Financing Facility – Bank	2.60%	200,000	April 2023	140,945	89,520
Receivables Financing Facility – Non-Bank	-	-	-	-	19,472
Total				140,940	111,357
Total current				142,474	132,734
NON-CURRENT					
Unsecured:					
Unsecured Corporate Bond no. 2	6.57%	-	December 2025	18,966	-
Total				18,966	-
Secured:					
Securitised Equipment Finance warehouse facility – A note	2.42%	120,000	June 2026	74,414	54,065
Securitised Equipment Finance warehouse facility – B note	5.80%	20,000	May 2029	19,506	13,364
Securitised Debtor Finance warehouse facility – A note	-	-	-	-	3,500
Securitised Debtor Finance warehouse facility – B note	-	-	-	-	2,601
Securitised Trade Finance warehouse facility – A note	6.72%	22,500	April 2026	19,124	-
Securitised Trade Finance warehouse facility – B note	8.72%	3,750	April 2026	2,642	-
Receivables Equipment Financing Facility – Non-Bank	5.85%	25,000	February 2027	15,932	-
Total				131,618	73,530
Total non-current				150,584	73,530

*Please refer to Note 1(z)

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

NOTE 16 Borrowings (continued)

Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 23.

NOTE 17 Provision - employees

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
CURRENT:		
Employee benefits	1,251	1,137
NON-CURRENT:		
Employee benefits	232	165

NOTE 18 Contributed Equity

		Consolidated Group	
	Date	No.	$ 000's
Balance at beginning of financial year	1-Jul-20	217,572,057	47,727
Shares issued or under issue during the year:			
Ordinary shares @ 34 cents from acquisition of Skippr invoice finance	15-Sep-20	2,192,341	750
Share issue from Dividend Reinvestment Plan	7-Oct-20	1,053,732	346
Ordinary shares @ 32.8 cents from placement of DRP shortfall	6-Nov-20	10,671,424	3,500
Share issue from Dividend Reinvestment Plan	8-Apr-21	1,458,951	623
Less: transaction costs arising from share issues		-	(173)
Balance at end of financial year	30-Jun-21	232,948,505	52,773
Balance at beginning of financial year	1-Jul-21	232,948,505	52,773
Shares issued or under issue during the year:			
Ordinary shares @ 42 cents from Placement	1-Jul-21	44,897,846	18,856
Share issue from Dividend Reinvestment Plan	7-Oct-21	1,821,485	770
Exercise of options*	2-Dec-21	1,800,000	-
Exercise of options*	9-Feb-22	2,050,000	-
Share issue from Dividend Reinvestment Plan	7-Apr-22	561,102	249
Ordinary shares @ 42 cents from acquisition of Skippr invoice finance	14-Jun-22	3,052,196	1,551
Less: transaction costs arising from share issues		-	(729)
Balance at end of financial year	30-Jun-22	287,131,134	73,470

*<u>Exercise of options</u>

The options exercised by Mr. Daniel Riley were issued for consideration of $1,135,750. However, at the same time, 6,150,000 options were bought back by the Company at market price less the exercise price. This buyback amounted to $1,135,750.

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

NOTE 18 Contributed Equity (continued)

Capital risk management
The Group and the parent entity's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's debt and capital includes ordinary share capital, corporate bonds, and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There are no externally imposed capital requirements. This strategy is to ensure that the Group's gearing ratio remains under 90%. The gearing ratios for the year ended 30 June 2022 and 30 June 2021 are as follows:

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Gearing Ratios		
Total borrowings	293,058	206,264
Less: Cash and cash equivalents	(52,707)	(44,770)
Net debt	240,351	161,494
Total equity	85,099	58,424
Total capital	325,450	219,918
Gearing ratio	73.85%	73.43%

NOTE 19 Reserves

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Reserves		
General Reserves	441	441
Share Based Payment Reserve	243	-
	684	441

NOTE 20 Earnings per share

	Consolidated Group 2022 Cents per Share	2021 Cents per Share
Basic earnings per share	4.70	3.18
Diluted earnings per share	4.66	3.05

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated Group	
	2022	2021
	$000's	$000's
Earnings		
Continuing operations	13,223	7,238
Earnings used in calculating of dilutive EPS	13,223	7,238
	No.	No.
Weighted average number of ordinary shares	281,141,241	227,301,470
Weighted average number of dilutive options on issue	-	10,000,000
Weighted average number of dilutive performance rights on issue	2,722,613	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	283,863,854	237,301,470

Earnings used in the calculation of basic earnings per share are net profit after tax.

NOTE 21 Dividends

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Fully Franked Declared FY2021 Final Dividend – 1.30 cents (FY2020: 1.75 cents)	3,612	3,846
Fully Franked Paid FY2022 Interim Dividend – 1.40 cent (FY2021: 1.00 cents)	3,969	2,315
Total	7,581	6,161
In addition to the above dividends, since the end of the year, the Directors have declared a 1.80 cents per share fully franked dividend (FY2021: 1.30 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	5,168	3,612
Franking Credits	7,176	7,094

The above amounts represent the balance of the franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from the payment of dividends recognised as a liability at the reporting date.

NOTE 22 Cash flow information

		Consolidated Group 2022 $ 000's	2021 $ 000's
(a)	*Reconciliation of cash*		
	Cash at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:		
	Cash and cash equivalents	52,707	44,770
		52,707	44,770
(b)	Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities		
	Profit from ordinary activities after related income tax	13,227	7,149
	Depreciation and amortisation of non-current assets	2,309	2,269
	Changes in assets and liability, net of effect of purchases of subsidiaries;		
	(Increase)/ Decrease in receivables	(6)	428
	Decrease in other current assets	(726)	(485)
	(Decrease)/ Increase in deferred tax assets	(685)	753
	Increase in provisions	425	388
	Decrease in trade and other payables	(993)	(10,862)
	(Decrease)/ Increase in other liabilities	(162)	4,195
	Increase in borrowings	123	27
	(Decrease)/ Increase in Income tax payable	(836)	949
	Net cash from operating activities	12,676	4,811

Note 22 Cash flow information (continued)

(c) Changes in liabilities arising from financing activities

Current year

	2021	Cash changes Financing cash flows	Non Cash changes	2022
	$ 000's	$ 000's	$ 000's	$ 000's
Borrowings				
Unsecured Loans – Insurance	1,500	34	-	1,534
Unsecured Corporate Bond	19,877	(20,000)	123	-
Securitised Debtor Finance warehouse facility – A note and Overdraft	2,365	(2,370)	-	(5)
Receivables Financing Facility – Bank	89,520	51,425	-	140,945
Receivables Financing Facility – Non-Bank	19,472	(19,472)	-	-
Unsecured Corporate Bond no. 2	-	18,966	-	18,966
Securitised Equipment Finance warehouse facility – A note	54,065	20,349	-	74,414
Securitised Equipment Finance warehouse facility – B note	13,364	6,142	-	19,506
Securitised Debtor Finance warehouse facility – A note and Overdraft	3,500	(3,500)	-	-
Securitised Debtor Finance warehouse facility – B note	2,601	(2,601)	-	-
Securitised Trade Finance warehouse facility – A note	-	19,124	-	19,124
Securitised Trade Finance warehouse facility – B note	-	2,642	-	2,642
Receivables Equipment Financing Facility – Non-Bank	-	15,932	-	15,932
Lease liabilities				
Lease liabilities	1,143	-	(581)	562
	207,407	86,671	(458)	293,620

Note 22 Cash flow information (continued)

(c) Changes in liabilities arising from financing activities (continued)

Prior year

	2020	Cash changes Financing cash flows	Non Cash changes	2021
	$ 000's	$ 000's	$ 000's	$ 000's
Borrowings				
Unsecured Loans – Insurance	1,618	(118)	-	1,500
Unsecured Corporate Bond	20,000	-	(123)	19,877
Securitised Debtor Finance warehouse facility – A note and Overdraft	463	1,902	-	2,365
Senior Secured Bond	25,000	(25,000)	-	-
Receivables Financing Facility – Bank	34,882	54,638	-	89,520
Receivables Financing Facility – Non-Bank	16,479	2,845	148	19,472
Securitised Equipment Finance warehouse facility – A note	59,864	(5,799)	-	54,065
Securitised Equipment Finance warehouse facility – B note	14,767	(1,403)	-	13,364
Securitised Debtor Finance warehouse facility – A note and Overdraft	9,850	(6,350)	-	3,500
Securitised Debtor Finance warehouse facility – B note	1,001	1,600	-	2,601
Lease Liabilities				
Lease liabilities	1,333	-	(190)	1,143
	185,257	22,315	(165)	207,407

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

NOTE 23 Financial Risk Management

The Risk Committee has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group which includes market risk, credit risk and liquidity risk. The risk management committee monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, trade receivable and trade and other payables and borrowings.

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
The total for each category of financial instruments are as follows:		
Financial Assets		
Cash and cash equivalents	52,707	44,770
Trade and other receivables	270,455	200,406
Finance lease receivables	131,528	93,364
Other current assets	4,032	3,305
	458,722	341,845
Financial liabilities		
Trade and other payables	110,949	84,074
Borrowings - variable	197,604	127,200
Borrowings - fixed	95,454	79,064
Lease liabilities	562	1,143
	404,569	291,481

The above financial instruments are all held at amortised cost.

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowings. Interest rate risks can also arise if the Group funds a fixed rate receivables portfolio with variable rate debt or if we borrow at a fixed rate in anticipation of raising future fixed rate receivables in the future. Therefore, The Group ensures it has a balanced mix of variable rate borrowings and fixed rate borrowings to manage its interest rate exposure. Borrowings issued at variable rates expose the Group to cash flow interest rate risks. Therefore, some of the portfolio is fixed and this is mainly achieved through the use of swap arrangements as described below.

All of the Group's borrowings are on floating rate basis except Unsecured Loan – Insurance, Unsecured Corporate Bond no. 2 and Secured Equipment Finance warehouse facility - A note which have fixed rates. The Group's debts are primarily used for finance division and equipment finance division. Interest rate risk for equipment finance division is mitigated through interest swaps and interest rate risk for the finance division can be mitigated by passing on the increase in interest rate to the customers.

NOTE 23 Financial Risk Management (continued)

The lender for Securitised Equipment Finance warehouse facility – A note requires Earlypay to enter into a back-to-back fixed rate swap on the same amortising balance. The minimum amount to be hedged by the swap is 75%. This 'stapling' arrangement means that Securitised Equipment Finance warehouse facility – A note funder only advances monies to Earlypay on a fixed rate basis. Any further exposures are managed through fixed rate corporate bonds with appropriate maturities.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the interest rate that management considers to be reasonably possible. These sensitivities assume that the movement in interest rate is independent of other variables.

	Consolidated Group	
Sensitivity Analysis	2022	2021
	$000's	$000's
Financial Assets		
Cash and cash equivalents	52,707	44,770
Financial liabilities		
Borrowings - variable	(197,638)	(127,200)
Net	(144,897)	(82,430)
+/- 2% in interest rate		
Equity	+/- 2,029	+/- 577
Profit	+/- 2,898	+/- 824

Fair value

For assets and liabilities, the net fair value approximates their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

(b) Credit risk

Credit risk arises predominantly from receivables from customers and also from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating for customers, the Group's risk controls assess the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. The compliance with credit limits by customers is regularly monitored by line management.

NOTE 23 Financial Risk Management (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk at the reporting date, excluding any amounts recoverable under the Group's credit insurance, which is not able to be reliably estimated, is the carrying amount of the financial assets summarised in the following table. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparties default rates.

	Consolidated Group	
	2022	2021
	$ 000's	$ 000's
Trade receivables		
Counterparties with external credit rating (Moody's)		
AAA Federal government departments and instrumentalities	1,507	1,663
Counterparties without external credit rating	400,477	292,248
Total trade receivables	401,984	293,911
Cash at bank and short-term bank deposits		
AA-	52,707	44,770

To further minimise the credit risk for outstanding receivables from customers, the Group ensures that:

- 50% of ledger purchased from new customers are checked and validated with the end debtors.
- 20% of new invoices purchased from existing customers are checked and validated with the end debtors.
- Collections team chase overdue invoices to make sure invoices are paid on time.
- 60% of receivables in Invoice Finance division have trade credit insurance in place. Trade credit insurance will pay 90% of the receivable value when it is claimed.

NOTE 23 Financial Risk Management (continued)

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group manages this risk through the following mechanisms:
- Preparing forward looking cash flow analysis in relation to its operational and financing activities;
- Ensuring that adequate capital raising activities are undertaken;
- Maintaining a reputable credit profile; and
- Investing surplus cash only with major financial institutions.

Please refer to Note 16 for more details on borrowings.

The following tables reflect undiscounted contractual settlement terms for financial instruments of a fixed period of maturity.

	Weighted average interest rate	0 to 12 Months $ 000's	1 to 5 years $ 000's	More than 5 years $ 000's	Carrying Value $ 000's
As at 30 June 2022					
Trade and other payables	N/A	110,949	-	-	110,949
Borrowings	4.04%	142,474	150,584	-	293,058
Lease Liabilities	2.93%	452	110	-	562
Total financial liabilities		253,875	150,694	-	404,569

		0 to 12 Months $ 000's	1 to 5 years $ 000's	More than 5 years $ 000's	Carrying value $ 000's
As at 30 June 2021					
Trade and other payables	N/A	84,074	-	-	84,074
Borrowings	4.24%	112,857	93,407	-	206,264
Lease Liabilities	2.93%	615	528	-	1,143
Total financial liabilities		197,546	93,935	-	291,481

Fair value estimation
The carrying amounts of trade receivables, payables and current borrowings are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings approximates the carrying amount, as the impact of any discounting is not significant.

NOTE 24 Contingent liabilities

There are 3 rental guarantees in total of $403,000 relating to the property at Miller Street, Queen Street and St Kilda Road. The guarantee amount is payable if lease terms regarding the property is broken.

NOTE 25 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 1(d).

	Country of Incorporation	2022 %	2021 %
Ultimate Parent Entity			
Earlypay Limited	Australia		
Controlled Entities			
CMLPayroll Pty Limited	Australia	100%	100%
Zenith Management Services Group Pty Limited	Australia	100%	100%
Lester Payroll Services Pty Limited	Australia	100%	100%
Lester Associates Good Migration Pty Limited	Australia	100%	100%
Lester Associates Business Services Pty Limited	Australia	100%	100%
LesterPlus Pty Limited	Australia	100%	100%
Cashflow Finance Australia Pty Limited	Australia	100%	100%
Cashflow Advantage Pty Limited	Australia	100%	100%
180 Group Pty Limited	Australia	100%	100%
180 Capital Funding Pty Limited	Australia	100%	100%
1st Cash Pty Limited	Australia	100%	100%
Classic Funding Group Pty Ltd	Australia	100%	100%
Classic Cash Flow Solutions Pty Ltd	Australia	100%	100%
Classic Clean Energy Finance Pty Ltd	Australia	100%	100%
Classic Finance Pty Ltd	Australia	100%	100%
The Leasing Centre Pty Ltd	Australia	100%	100%
CF Management Services Pty Ltd	Australia	100%	100%
Classic Receivable Finance Trust	Australia	100%	100%
Classic Equipment Finance Trust	Australia	100%	100%
The Invoice Exchange Pty Ltd	Australia	100%	100%
Earlypay EST Pty Ltd	Australia	100%	-

NOTE 25 Subsidiaries (continued)

A relief was obtained from preparing financial statements for CML Payroll Pty Ltd and Cashflow Finance Australia Pty Limited under ASIC Class Order 2016/785. Under the deed, Earlypay Limited, CML Payroll Pty Ltd and Cashflow Finance Australia Pty Limited guarantee the debts of each other and are the members of the closed group. Earlypay Limited, CML Payroll Pty Ltd and Cashflow Finance Australia Pty Limited are the only parties to the deed of cross guarantee. The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the closed group, comprising the entities under the deed, is set out below:

		Closed Group	
		2022 $000's	2021 $000's
Financial information in relation to:			
(i)	Statement of profit or loss and other comprehensive income:		
	Profit before income tax	19,949	14,311
	Income tax expense	(570)	(2,203)
	Profit after income tax	19,379	12,108
	Profit attributable to members of the parent entity	19,379	12,108
(ii)	Statement of financial position:		
	CURRENT ASSETS		
	Cash and cash equivalents	26,669	36,415
	Trade and other receivables	268,802	176,107
	Other current assets	18,853	8,756
	TOTAL CURRENT ASSETS	314,324	221,278
	NON-CURRENT ASSETS		
	Property, plant, and equipment	197	187
	Intangible assets	29,191	30,678
	Deferred tax assets	2,643	1,958
	TOTAL NON-CURRENT ASSETS	32,031	32,823
	TOTAL ASSETS	346,355	254,101

NOTE 25 Subsidiaries (continued)

	2022 $000's	2021 $000's
CURRENT LIABILITIES		
Trade and other payables	92,842	60,988
Tax liabilities	(1,982)	740
Borrowings	142,479	91,021
Other liabilities	298	23,383
Lease liability	452	615
Short-term provisions	1,029	915
TOTAL CURRENT LIABILITIES	235,118	177,662
NON-CURRENT LIABILITIES		
Long-term borrowings	34,898	39,350
Long-term provisions	186	132
Lease liability	110	528
TOTAL NON-CURRENT LIABILITIES	35,194	40,010
TOTAL LIABILITIES	270,312	217,672
NET ASSETS	76,043	36,429
EQUITY		
Issued capital	73,470	52,773
Reserves	684	441
Retained earnings/ (accumulated losses)	1,889	(16,785)
TOTAL EQUITY	76,043	36,429

NOTE 26 Parent Entity Disclosures

	Consolidated Group	
	2022	2021
The individual financial statements for the parent entity show the following aggregate amounts:	$ 000's	$ 000's
Statement of Financial Position		
Current assets	24,833	27,426
Non-current assets	197,080	149,831
Total assets	221,913	177,257
Current liabilities	141,440	115,792
Non-current liabilities	34,941	39,518
Total liabilities	176,381	155,310
Net Assets	45,532	21,947
Shareholders' equity		
Contributed equity	73,470	52,770
Retained losses	(27,938)	(30,824)
Total equity	45,532	21,946
Net Profit/ (Loss) for the year after tax	10,138	4,942
Total Comprehensive Income/ (Loss)	10,138	4,942

The Parent Entity, Cashflow Finance Pty Limited and CML Payroll Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, which are accounted for at cost in the financial statements of the Group.

NOTE 27 Business Combinations

a) Acquisition for the prior year

On 18 August 2020, Earlypay Limited acquired 100% of the ordinary shares of The Invoice Exchange Pty. Ltd. ("Skippr") for the total consideration of $6,500,000, which includes Goodwill, plus loan book funding of circa $2,921,000.

Skippr is an easy to use online platform providing invoice finance solutions to SME's. The platform integrates seamlessly with major accounting software to monitor, approve, and reconcile invoices. Skippr platform now provides Earlypay with this capability to improve client retention through a better and more automated user experience for Earlypay's larger existing and new clients.

The acquisition has brought forward Earlypay's planned technology enhancement roadmap and development by approximately two years.

	Fair Value $000's
Cash	712
Trade receivables – debtor finance	2,707
Trademarks	3
Other assets	25
Trade payables	(19)
Trade payables – debtor finance	(1,754)
Borrowings (to fund trade receivables)	(1,864)
Employee liabilities	(31)
Net tangible liabilities assumed	(221)
Goodwill / other identifiable assets to be allocated prior to the completion of acquisition accounting	6,721
Total purchase consideration	6,500
Representing:	
Cash paid to vendor	1,500
Shares issued	750
Contingent consideration	4,250
Total purchase consideration	6,500
Acquisition costs expensed to profit and loss	8
Net consideration used	6,508

2,192,341 shares were issued as part of the consideration transferred at a price of $0.3421, which was based on the agreed price at the date of the business combination.

NOTE 27 Business Combinations (continued)

Initial payment for Skippr invoice finance was $2,250,000 via a mix of cash and ordinary shares, with earn-out structure over next 2.5 years to a maximum transaction price of $6,500,000 if all earn-out hurdles are achieved. Contingent consideration amount (earn-out) is calculated based on weighted funds in use over time from 31 December 2020 to 31 December 2022. Because the future weighted funds in use cannot be accurately estimated, maximum amount of $4,250,000 had been recognised in purchase consideration.

The goodwill arising from the acquisition comprises of the acquired loan book, skilled staff, better customer experience and efficiency gains in operations through the Skippr platform.

Contractual amounts
The fair value of trade receivables equals the contractual amounts due.

During the current financial year, all earn-out conditions have been achieved. $4,013,000 Final earn-out payments of $2,462,000 was paid in cash and $1,551,000 in EPY shares in accordance with the sale purchase agreement.

NOTE 28 Subsequent Event

The Group has declared a Final Dividend of 1.8 cents per share, fully franked. The Group has a Dividend Reinvestment Plan (DRP) in place, in which eligible shareholders may participate.

NOTE 29 Auditor's remuneration

	Consolidated Group	
	2022	**2021**
	$	**$**
During the year the following fees were paid or payable for services provided by the auditors of the parent entity:		
Audit and review of the financial statements	158,702	150,299
Other assurance and agreed upon procedures	23,000	25,300
Tax advisory	35,155	-
Other	10,460	-
	227,317	175,599