ANNUAL REPORT

FINANCIAL YEAR 2023/2024

INFOCUS WEALTH MANAGEMENT
ACN: 103 551 015

infocus

About Infocus

Infocus Wealth Management Limited (Infocus) is a national wealth management organisation.

At our heart, we are an advice business. At our commercial core, we are the builders of a comprehensive framework offering all the operational, infrastructural, and professional elements to successfully serve multiple levels of the financial advice profession and the associated industry - and we achieve this in a continually evolving and complex regulatory environment.

Philosophically, we strive to be the partner of choice for quality financial advisers.

Strategically, we achieve this through our unique ability to offer a suite of services and solutions that enable advisers to engage with us in a way that serves their business model and needs.

Our values demand innovation and we don't subscribe to the notion of being a 'normal' advice firm. We are unapologetically ambitious; we demand better for our advisers, clients, and our entire industry; and we believe that being a passive participant is not enough.

We set the bar much higher.

Delivering on our vision

We help our partners to grow revenue, enhance operational efficiencies and effectively manage risk.

Centred around the twin philosophies of Advice and Operational Excellence, we deliver on our vision by helping our partners grow revenue and serve their clients, enhance operational efficiencies, and effectively manage risk.

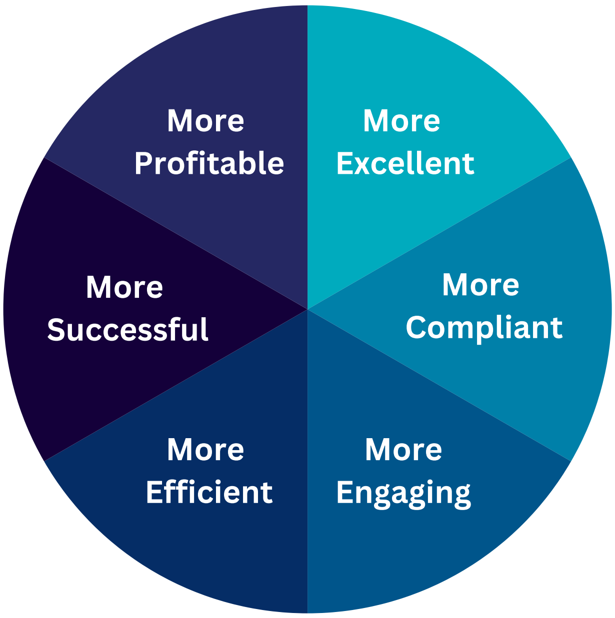
We're unique in our peer group, as not only do we have a 'best practice' Advice component as part of our offering, but also a 'best practice' Infrastructure component including governance, investment management and financial technology. We offer flexible solutions in an era where so many elements of advice practices are mandated by external and regulatory sources.

We haven't arrived at this position by accident - we've been building the foundations for 30 years, and over the past 5 years our focus on reaching this position has been laser sharp.

We are playing a bigger game.

Delivering on Advice Excellence

Everything we do as a business is focused on making financial advice:



Key Operations

Infocus has strategically evolved to an operational structure focused on Advice and the Infrastructure that facilitates it.

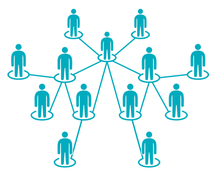
Advice is provided direct to clients via our salaried advisers (Business to Consumer) "B2C" service run out of our Head Office located in Maroochydore on the Sunshine Coast.

Advice is also provided via our Business to Business "B2B" advisory network, comprising 129 practices across Australia, who are licensed and supported under the Infocus AFSL service offering.

There is a growing trend in the industry of advice firms choosing to operate under their own AFSL. Whilst this self-licensing model seems to have a lot of support in government circles, we do not believe it is the optimum approach for most advisers or their clients. Nevertheless, this has opened the door to a new category of advice client for Infocus which we are calling Business to AFSL or "B2A". This includes some or most of the infrastructure services we provide to our B2B offices except that we are not responsible for their advice and do not include them in our professional indemnity insurance arrangements.

Infrastructure focused business units facilitate this advice, via a breadth of services and solutions covering Governance, Technology (Platformplus) and Research & Investment Management (Alpha). Together via this Advice and Infrastructure operational framework, Infocus delivers our vision to be the partner of choice for quality financial advisers.

infocus

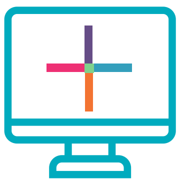


National network of ~129 advisory firms (~238 advisers) ~26,000 clients $16.75Bn FUA*

** B2C, B2B, B2A, as at 30 June 2024*

FINALIST

PLATFORM+ WEALTH MANAGEMENT SYSTEM



Industry leading^ integrated end-to-end wealth technology solution

^ Australia's only 'in-market' full service fintech solution with highest ranked positive NPS via annual Adviser Ratings review

ifa EXCELLENCE AWARDS WINNER 2023 · ifa EXCELLENCE AWARDS WINNER 2023 · ifa EXCELLENCE AWARDS WINNER 2022

alpha Investment Management

Institutional grade# investment management capability

 # capital markets, investment management, portfolio construction and asset consulting

Favourable SQM RESEARCH

Annual Achievements

Strategically, our priorities for FY2024 revolved around our strategy to 'Play a Bigger Game'.

The table below summarises the progress made against the priorities outlined by our Managing Director in last year's Annual Report:

Priorities Identified 12 months ago	Progress Made
Continued roll-out of our Partner Program to drive growth and sustained success in B2B.	• Equity investments made in 2 larger advice offices committed to growing their businesses through best practice systems and processes. • Assisted succession planning for retiring advisers by facilitating the transfer of 4 practices within the B2B network.
Execution of strategy to reset B2C, positioning it for long-term growth and success.	• Sold book of Brisbane clients to a B2B advice office, who also took over employment of advisory staff. • Sold book of Sydney clients to a B2B advice office, who also took over employment of advisory staff. • Transitioned ownership of tax clients formerly serviced by Infocus Tax and Business Advisory. • Sold a small book of Bundaberg clients to a B2B advice office. • Sold the 50% stake in Infocus Capalaba. • Acquired a book of Sunshine Coast clients and advisory staff from a retiring B2B practice owner. • Closed the Brisbane and Sydney CBD offices.
Continued development, implementation and rolling out of infrastructure support services.	• 4 new major releases of system enhancements to PlatformplusWRAP. • 178% increase in WRAP funds under administration to $465 million at year-end. • Acquisition of the WealthPortal platform business from Clime Investment Management as part of the Madison transaction. • Major overhaul of the Client Portal and Fact Find functionality in PlatformplusAMS.
Continued roll-out of our full Investment Management suite of implemented portfolios.	• Total funds under the management of Alpha Investment Managers increased 94% to $2.04 billion at 30 June 2024.
The progression (or not) of PlatformplusSIGN, depending on the Federal government's decisions around the implementation of the recommendations coming out of the Quality Advice Review.	• The commercialisation of PlatformplusSIGN is currently on hold until we attain a satisfactory level of commitment to participate from major product providers (Superannuation Funds and Platforms).

In addition to achievements outlined above in relation to our systems, products and processes we are also extremely proud of the face-to-face personal services that we provided through the year to our most important asset – our clients.

Engagement

During FY2024 we ran the following programs for the mutual benefit of the company and it's financial adviser partners.

For some time now, we have wanted to 'flip' our order of events to prioritise iCON earlier in the calendar year, in order for the momentum and intentions we all take from this significant event are not limited by the Christmas period coming so soon afterwards. 2024 was the year we could finally do this, and it proved to be significantly worthwhile. iCON24's action-packed agenda, peer to peer opportunities, amazing events and impactful presenters led to overwhelmingly positive feedback, with a record breaking 85% adviser attendance rate and an average 4.4/5 session rating from attendees.

In conjunction with these key strategies, Infocus maintained a regular schedule of engagement events including:

- Annual national conference open to all advisers and support staff with >75% CPD and training content.
- Annual Business Leaders Forum.
- Annual Business Growth Forum.
- National Professional Development Roadshow.
- State based peer group sessions open to all advisers hosted by Regional Managers.
- 15 adviser webinars throughout the year featuring presentations from a combination of Infocus personnel and Alliance Partners.

Industry Recognition

Infocus was recognised as a finalist in the following categories for the 2023 IFA Excellence Awards:

- Dealergroup of the year (company) - Infocus
- Innovator of the year (company) - Infocus
- Dealergroup Executive of the year (individual) - Darren Steinhardt
- Innovator of the year (individual) - Darren Steinhardt

Pleasingly, Infocus was announced as the winner of the following 2023 IFA Excellence Awards

- Innovator of the Year (company) - Infocus
- Innovator of the Year (individual) - Darren Steinhardt

We were also finalists in the Australian Wealth Management Awards for Best Independent Dealer Group of the year 2024.

Achievements

A high-level overview of our achievements is tabled below, with further detail in the Managing Director's report.

Growth	• Adviser numbers increased by 33% to end the year at 211 across our advisory network • Total office numbers increased by 27 (26%) to end the year at 129 • Gross revenue decreased by 1% to $75.9 million • Funds under Advice grew 49% to $14.5 billion • Funds under Management grew 94% to $2.039 billion • Risk premiums under Advice increased 39% to $204.3 million
Trust and Teamwork	• Some restructuring during the year, primarily in the B2C business, saw us end the year with 6.5 less (FTE) employees, delivering productivity gains by working smarter to achieve more with the same resources. • We continued to invest in the professional development of our people with financial support helping 3 staff members obtain external qualifications during the year, including one staff member who has successfully completed the new financial planning "Professional Year" program, and another who is part way through the program.

Operational Excellence

- The results of our advice compliance auditing program confirm the high degree of adherence to mandated policies, and are consistent with the aims of providing the highest quality of advice.
- Complaints, incidents, issues and remediation remain at historically low levels.
- Continued improvements within PlatformplusAMS. There were 9 new releases during the year which resulted in the introduction of a number of new features in AMS including better revenue at risk tracking, advice implementation, a new invoicing system, the release of the B2B portal, enhanced client communications on investment portfolio performance, and finalisation of the new Client Portal
- Over the year we made continuous improvements to our cyber resilience through the introduction of new interrogation software, and ran a special "Business Health Check" audit and education program to improve cyber security across the adviser network.
- The successful renegotiation of the group's professional indemnity insurance in a difficult market at no overall increased cost to advisers.
- Continued improvement of the new office onboarding process for getting large offices up and running on PlatformplusAMS.

Partnerships

- Increased usage of a common "Advice Playbook" to ensure consistency of advice delivery;
- Benchmarking of operational and financial performance of advice offices, to identify the processes that generate the most efficiencies for advisers. This has shown that with the right processes, some advisers are able to comfortably support in excess of 200 full service clients.
- Accelerating practice growth through an 'Advice Hub" arrangement;
- Provision of back-office resources through the "Ops Engine";
- Taking equity stakes in 2 advice practices with a view to them becoming key players in our Partner Program.
- Continued support for the Adviser Council and Operational Excellence Collective and the Paraplanning Collective.
- Retained excellent support and participation from our key Alliance Partners throughout the period.

Results Summary

	FY2024 ($,000)	FY2023 ($,000)	FY2022 ($,000)	Change from FY2023 (%)
Gross Revenue	$75,862	$76,730	$73,800	-1%
Brokerage payments and related costs	$(60,772)	$(62,664)	$(59,751)	-3%
Net Revenue	$15,090	$14,066	$14,049	7%
EBITDA	$1,357	$930	$292	46%
less other income	$(1,043)	$(165)	$(311)	532%
Operating Profit	$314	$765	$(19)	-59%
less interest	$(1,589)	$(1,021)	$(786)	56%
less depreciation and amortisation	$(1,454)	$(1,990)	$(1,744)	-27%
less impairment	$0	$(300)	$0	n/a
NPBT	$(2,729)	$(2,546)	$(2,549)	7%
NPAT	$(2,575)	$(2,313)	$(3,775)	11%
EPS	$(0.05)	$(0.05)	$(0.09)	n/a

	FY2024	FY2023	FY2022	Change from FY2023 (%)
FUA	$14.5b	$9.7b	$9.0b	49%
RPUA	$204.3m	$147.5m	$148.1m	39%
Advisory Practices	129	102	119	26%
No. of Advisers	211	159	175	33%

Chairman's Report

Dear Shareholder,

Continuing change in the regulatory overburden means it remains an interesting period for our industry. In Australia we are roughly halfway through the wave of retiring baby boomers, and so demand for quality advice is high. However, we have gone through a period of a mass exodus of advisers from the industry, many leaving because regulatory changes limit their ability to make a living. This, while regrettable, presents an opportunity for our Company, and our strategy over the past few years to position the business to be able to capitalise on this.

Advice practices seeking to grow on the back of this higher demand recognise the importance of efficient systems, processes and investment solutions to enable them to effectively serve more customers. But they need to do this whilst maintaining the highest standards, and to be able to run their practices profitably. Our core focus over the past few years has been to invest in our systems and processes to build the best end-to-end solutions for advisers and their clients, to enable the Company to implement its strategy of “Playing a Bigger Game”.

I am pleased to report that your Company has made significant progress with this over the past year, and we are now starting to see the results of this hard work.

Overview of 2024 Financial Year

During the year to 30 June 2024, we restructured our B2C (in-house salaried advisers) advice channel, which involved selling client books in Brisbane and Sydney to B2B (self-employed) advice offices and closing down our CBD offices in those cities. We also sold our 50% stake in the Capalaba office.

At the same time Funds under Administration on our proprietary investment platform (Platformplus WRAP) increased by 178% over the year, reaching $465 million on 30 June 2024. With a significant portion of these new funds flowing into SMAs (Separately Managed Accounts) managed by the Alpha Investment Management team, we saw an 88% increase in investment revenue to $2,796k for the year. This is off the back of significant investment in our proprietary software system Platformplus. The continued growth in these important revenue streams will be driven by the rolling out of the new functionality mentioned above and will underpin our improving profitability going forward.

Whilst EBITDA of $1,357k is up 46% on the prior year, this was after including $383k in employee pay-outs from restructuring initiatives. Importantly, we have started FY2025 with the right employee structure in place.

The most significant transaction during the financial year made no contribution to profit for the year. This was the acquisition of Madison Financial Group Pty Limited and its associated investment platform WealthPortal Pty Limited from Clime Investment Management Limited.

This completed on 28 June 2024 and added 60 financial advisers to the Infocus community making a total of 211 advisers at year end. Consideration for the acquisition was settled by the issuance of 3 year convertible notes and required no up-front cash. The acquisition is expected to be earnings and cash-flow positive from day 1.

As I write this letter, we have started the new financial year well and are ahead of our equivalent performance at the same period of the 2024 year that we are reporting on here. In fact, I believe that we are in much better shape than at any time during the last few years.

Corporate Governance

This has been another very busy year for your Board of Directors with 13 meetings held throughout the year to 30 June 2024, as well as a further 11 sub-committee meetings. I am pleased to advise that a very diligent and healthy Board achieved a 99% attendance rate (86 out of 87 invites) for these meetings.

In addition to the above meetings, all of the non-executive directors have also worked with the executive team on a number of key projects and initiatives over the past year.

I would like to thank all of my fellow directors for their continued dedication throughout the year.

People

The Company continues to work its way through a period of significant change as we strive to put the Infocus advisory community in the best position to take advantage of the increased demand for services in an increasingly complex environment.

Your directors continue to take a very active involvement in the business working closely with the executive team. The teams dedication and commitment, along with all of the Infocus staff whether based at Head Office in Queensland or elsewhere in Australia, are the reason we are managing to continue to grow, when many others are not.

However, it is the advisers who we really work for. We engage with them every day. From the mundane tasks of managing payments or approvals, through to participation in events like the iCON24 conference, we see the focus, professionalism and care that they bring to our profession. The initial engagement with the Madison advisers indicates that these sentiments will also extend to that cohort. The success of the business, and the well-being of all clients is in good hands.

On behalf of the Board, I would also like to extend its thanks to our Managing Director Darren Steinhardt for his continued commitment to the business. His enthusiasm, hard work and love for this business continues to set an excellent example to the team and our adviser partners.

Roy McKelvie
Chairman

Managing Director's Report

Introduction and General Overview of FY2024

FY2024 has for the most part been one of consolidation for the financial advisory profession and the associated industry, and one in which our primary focus has been on executing our strategy for growth. It has been a big year for us.

Throughout the year we completed the repositioning of our B2C business, continued our focus on delivering efficiencies to our community of financial advisers through system and process enhancements, made strong progress with the continued evolution of Platformplus including the roll-out of PlatformplusWRAP, and achieved outstanding results through our Alpha investment management business.

In addition to organic growth, we also looked at a number of opportunities to gain scale by acquisition, with a focus on ensuring that any acquisition would need to be a good cultural fit and able to be acquired at an appropriate price. The results of this work came to fruition on the last business day of the financial year with the successful acquisition of Madison Financial Group Pty Ltd (Madison) and its associated assets from Clime Investment Management Limited (ASX: CIW).

This has been a year of significant progress for the Company. It would be great to see the rewards come quicker, but nothing ever comes without hard work, and I have never been more convinced that our strategy is right for our business. The results we seek are close.

Our Operating Environment

The Federal Government's response to Michelle Levy's Quality of Advice Review has been slow and underwhelming. A watered-down list of measures is due to come into force early in 2025, more than 2 years after Ms Levy issued her final report. In the meantime, the industry has been pushing forward to find better ways to service the growing need for financial advice.

Latest research has estimated that approximately 1.9 million consumers currently have a financial adviser (approximately 10% of Australians aged over 21). There is a tidal wave of Australians aged between 55 and 64 who are approaching retirement, and only 0.54 million (18%) of them have an adviser. Demand for advice from this cohort is expected to sky-rocket. There is also a significant wave of intergenerational wealth transfer on the way, as many of the 3.4 million Australians aged 65 and over will start planning to pass on their wealth to their children (both before and after they die).

On the supply side, the number of financial advisers has stabilised at around 15,300 following a number of years of significant contraction post the Hayne Royal Commission, but there is little sign of new planners entering the industry. This means more clients to be serviced by existing advisers.

What is at stake for end clients includes the sound management of circa $3.5 trillion of superannuation assets.

Financial advisers are therefore increasingly looking for integrated systems, processes and investment solutions that both improve the quality of the client experience and deliver time saving efficiencies to advisers enabling them to spend more time on growing their advisory practices.

There is a very clear correlation between what our advisers say they want, what industry experts say advisers need to be profitable, and what Infocus is offering by way of technology, services and investment solutions.

Highlights of FY2024 and Delivering on Priorities

Having an integrated investment, superannuation and pension platform solution that we have substantial control over has been one of the centrepieces of our strategy since some of the external platform providers disingenuously used the Royal Commission as an excuse to discontinue contractual arrangements. It has taken us bit longer to get PlatformplusWRAP to the point of full operations, but it is now in market and providing a keenly priced, best-of-breed end-to-end wrap solution for advisers and their clients.

Funds under Administration on WRAP grew by 178% to $465 million in the 12 months to 30 June 2024, and have since grown by a further 23% to $574 million at the end of October. We have our first significant advisory group outside of the Infocus network going live on the platform in FY25 Q2, which should see an acceleration of growth.

Our Investment Management team have had an outstanding year, under the careful watch of our Chief Investment Officer – Jeff Mitchell. Funds under the management of this team grew by 94% to $2.039 billion in the 12 months to 30 June 2024, and have since grown by a further 13.5% to $2.315 billion at the end of September. The popularity of separately managed accounts ("SMAs") amongst advisers and their clients has been a key factor in this success, and now account for $1.255 billion of funds under management.

The other critical factor in the success of our Investment Management business over the past financial year has been the stellar investment performance. Both the Alpha Growth Fund and the Alpha High Growth Fund were ranked 1st overall for investment performance for the 12 months to 30 June 2024 out of 169 and 112 funds comprising the respective Morningstar peer groups. The Alpha Moderate Fund and the Alpha Balanced Fund were both ranked in the top 5% of peers, and each of the SMAs we manage are in the top decile of peers.

Our technology team issued a steady stream of releases of improved functionality during the year, but the main focus of their work through FY2024 was on the overhaul and re-launch of the new client portal and fact find that went live in August. This is all about improving efficiency for advisers, and the advice delivery experience for clients.

Our annual conference, iCON24 held in Brisbane, was widely considered to be the best program we have ever put on. This is the most important event on our annual calendar as it brings all of our adviser community together in one place to share ideas.

We completed the restructuring of our B2C advice business during the year. This included divesting our financial planning client books in Brisbane and Sydney to well-managed B2B advice practices in those cities. In both cases, this also involved the transitioning of some of the advisory staff from the Company payroll to that of the acquiring advice businesses. The Brisbane based B2B office also folded Infocus Capalaba into the new expanded advice business by buying both our 50% stake and that of our joint venture partner. I am confident that these businesses will fit in well with their new owners and that the clients will continue to receive the best possible service. These divestments enabled us to save costs by not renewing the leases on the Brisbane and Sydney CBD offices.

The other changes to B2C were the acquisition of a book of Sunshine Coast clients from a retiring B2B advice business owner, along with 2 advisory staff who joined our Company payroll in February, and the sale of a book of Bundaberg based clients to a B2B advice office based in that city. These changes have "right-sized" our Sunshine Coast based B2C operations.

The most significant change to the business during FY2024 was the acquisition of Madison Financial Group Pty Limited and WealthPortal Pty Limited from Clime Investment Management Limited. There were 60 advisers authorised under the Madison AFSL when the transaction completed at 28 June 2024. Nine of these advisers will shortly be transitioning to a new AFSL to be operated by Clime, but will continue to use our advice infrastructure services and will become a B2A advice business client for Infocus.

We have already seen some departures from the Madison advisers post the completion of the transaction. This is not unusual when an advisory network changes hands, and was in line with our expectations. Engagement with the remaining advisers has been extremely positive, and we welcome them into the Infocus community.

WealthPortal runs a white label investment platform hosted by Praemium which had $425 million in Funds under Administration at 30 June 2024.

Financial Results

Whilst significant progress was made during the year on implementing our strategy for growth, the benefits of this work will take time to flow through to the bottom line.

The highlights from our FY2024 financial results include:

- Gross Revenue down 1% to $75.9m
- Net Revenue up 7% to $15.1m
- EBITDA up 46% to $1.36m
- Revenue from infrastructure services up 8% to $2.25m (including a 31% increase in platform revenue to $1.23m)
- Revenue from investment management up 88% to $2.80m

It is the revenue increases in the last 2 lines above that augurs well for future profitability, as these are annuity style revenue lines that will continue to grow.

Revenue from financial advisory services was down 4% year on year as a result of adviser attrition in B2B and the restructuring of B2C. The acquisition of Madison Financial Group on 28 June 2024 boosts adviser numbers, and means we have started FY205 with a significantly stronger revenue base.

Strategy Update and The Year Ahead

We're now at an exciting time in the evolution of the Company. We've intentionally taken the path less travelled over the past few years, making hard long-term decisions that will deliver sustainable value for the future, as opposed to easier short-term decisions that would have delivered one-off sugar hits. We conclude FY2024 with:

- an advice business that contains the 10th largest financial advisory network in the country with 211 authorised representatives and $14.5Bn in Funds under Advice. Our advice community, which incorporates those advisory firms to whom we provide AFSL support outside of the Infocus and Madison AFSLs, totals 238 authorised representatives and $16.75Bn in Funds under Advice ;
- an Infrastructure business that incorporates the consistently highest ranking (Net Promoter Score) fintech / regtech enterprise software in its competitor set with Funds under Administration of $890m; and
- one of the leading Investment Management businesses in the country with the top two performing managed funds nationally and our entire SMA program performing in the top decile, with total Funds under Management of $2.04Bn.

Importantly, after a number of challenging years our commercials are beginning to work, with our revenue responding as anticipated. Whilst we are in the early stages of integrating the Madison acquisition and extracting full benefit out of this transaction, and there is further work to do in building our margins across the business to the levels we seek. The scale we have now achieved sees us expecting to operate in line with standard banking covenant obligations towards the end of FY2025 and repaying each of our shareholders and stakeholders for their patience and support.

Our key areas of focus will include:

- The successful on-boarding of the Madison and Clime Private Wealth advisers;
- The development of an integrated financial modelling solution within the PlatformplusWMS ecosystem;
- Leverage the compelling efficiency and profitability benefits to advisers from using our systems and solutions to recruit new advice offices, through either the B2B or B2A service offerings;
- Progressing with the development and implementation of our Partner Program to drive growth and sustained success in B2B; and
- Continue to build on the successful performance of the Alpha Investment Management team.

In recent years we have chosen to fund our growth initiatives through debt rather than raising new equity (other than where convertible noteholders have elected to convert to ordinary shares) in order to minimise the dilutionary impact on existing shareholders. Whilst our future forecasts show strong generation of free cash flow, much of this will be required to pay down debt. We are therefore currently looking at options for completing a capital raising in the first half of calendar 2025 to ensure we have access to sufficient capital resources to take advantage of attractive growth opportunities that may arise.

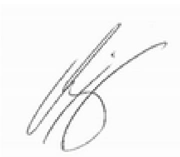
Our Culture of Partnership

The genuine spirit of partnership is at the heart of the Infocus culture. The spirit of partnership provides us with a distinct point of difference and a competitive advantage where it really matters.

With our events framework that now consists of our Business Forums, our National Professional Development Roadshow, our monthly Webinar program, our ad-hoc peer group sessions, and our flagship iCON conference, we seek to continue the development of the partnerships and relationships that make a difference. With our Adviser Council, our Operational Excellence Collective and our Tech Excellence Collective, we seek to continue to harness the best ideas from the smartest and brightest minds from both the front and back office. Regardless of whether you are one of our ~80 team members, an adviser or team member in one of the ~130 advisory practices in our network, one of our industry Alliance Partners, one of our shareholders or one of our noteholders, we seek to continue to create win-win commercial relationships that have our mutual end clients at the centre. We're all in this together.

Our team continues to grow in strength. Our people work smart and work hard, they consistently rise to new challenges, taking our business to new levels and building upon our great culture. I would like to thank each of them for their commitment to and support of each other, their commitment to and support of our clients, and of course their commitment to and support of the strategy and journey we are on with our company.

I would like to thank the Board for their continued support and counsel, our Executive team for their unwavering commitment to our journey, and importantly, I would like to thank each and every adviser within our community with whom we have the pleasure of partnering. I would also like to thank our shareholders and noteholders for their ongoing support of our company. I love what I do, I'm excited about the future, and I remain absolutely committed to delivering on our promise each and every day.



Darren Steinhardt
Managing Director

Infocus Wealth Management Limited

and its controlled entities
ACN:103 551 015

Annual Financial Report for the year ended 30 June 2024

Contents

The registered office and principal place of business is:

Infocus Wealth Management Limited
Level 2, 37 Primary School Court
MAROOCHYDORE QUEENSLAND 4558

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of Infocus Wealth Management Limited (referred to hereafter as "Infocus", the "Company" or the "parent entity") and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Principal Activities

The Group operates in the financial services industry within Australia and during the financial year the principal activities were the provision of:

- Financial advisory services to consumers including financial planning, accounting and taxation services, mortgage broking, and investment advisory;
- Infrastructure support services to financial advisers including access to advice delivery and investment platform services; and
- Investment portfolio management services.

Review of Operations

The loss for the Group after income tax was $2,575k for the year ended 30 June 2024 (2023: $2,313k).

Total revenue for the year decreased by 0.6% to $75,770k (2023: $76,250k). Advice services revenue was $2,821k (3.9%) lower as a result of the revenue from new practices onboarded through the year not being of a sufficiently large number to fully offset the practices offboarded during the year.

Revenue from infrastructure services increased by 7.5% to $2,247k, with flows into Platformplus WRAP growing steadily through the year. Funds under administration on WRAP grew by 178% year-on-year, from $167m at 30 June 2023 to $292m at 31 December 2023 and $465m at 30 June 2024.

Investment management revenue increased by 87.5% to $2,796k as a result of continued growth in inflows into our stable of managed funds and separately managed accounts (SMAs). In addition to strong inflows, the Investment Management team had an outstanding year in terms of investment performance, with two of our four diversified funds topping the performance tables of their respective peer groups, the other two of our diversified funds performing in the Top 5% of their peer group, and each of our SMAs performing in the Top decile of their peer groups. We ended the year with $2.039Bn in funds under management, up 99% on 30 June 2023.

Total operating expenses for the year decreased by 0.2% to $75,444k. The majority of this increase was in brokerage payments to self-employed advisers and outsourced services for the running of Platformplus WRAP. Amortisation, depreciation and impairment costs have decreased by 36.5% to $1,454k as a result of the sale of some amortising client portfolios, and lower capital expenditure during the year. Finance costs increased by 56% from the prior year as a result of higher interest rates and increased borrowings to fund the investment in improved advice delivery, platform and investment solutions.

At 30 June 2024 the Group had $3,910k in undrawn facilities with Westpac, in addition to $1,663k in cash at bank and in term deposits.

The Group had net assets of $6,498k at 30 June 2024 (2023: $9,076k).

On 28 June 2024 the Group completed the acquisition of Madison Financial Group Pty Limited and WealthPortal Pty Limited from Clime Financial Management Limited. Madison holds a financial advice Australian Financial Services Licence, and brought 54 authorised representatives across 32 financial advisory practices to the Infocus Group. WealthPortal is the promoter of platform services used by clients of Madison advisers, and had approximately $425 million in funds under administration at 30 June 2024. The acquisition was settled by the issuance of $2,104,358 of convertible notes, paying interest at 8% per annum and maturing on 28 June 2027, with an option to convert to ordinary shares in Infocus Wealth Management Limited (1 ordinary share per $1 convertible note).

Likely Developments and Expected Results of Operations

While we welcome all advisers and their teams from Madison into the Infocus Community, we will continue to operate the Madison AFSL separately to the Infocus AFSL to ensure continuity, and a seamless change of ownership for the Madison authorised representatives. Other than maintaining the services of external providers to enable the continued use of the Xplan advice system for Madison, there are minimal additional resources required to operate the Madison business, resulting in cost synergies that will enable the newly acquired businesses to be immediately profit accretive and cash flow positive.

The Group is also in the process of entering into some mutually beneficial arrangements with other Clime Group entities for the provision of AFSL support and infrastructure services, that will provide revenue growth for Infocus. These initiatives add to, and are consistent with, the Group's existing strategy of continuing to grow by delivering benefits to financial advisers and their clients through the provision of integrated advice delivery and investment administration and management services.

Directors

The names of each person who has been a director during the year and to the date of this report are:

- Mr Roy McKelvie, Chairman
- Mr Darren Steinhardt, Managing Director
- Mr Craig Holland
- Mr David Hasib
- Mr Jonathan Hubbard

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretaries

The names of each person who acts as a Company secretary are:

- Mr Michael Laffoley
- Mr Rajesh Daji

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the financial year, and the number of meetings attended by each Director eligible to attend were:

	Board of Directors		Audit & Risk Committee		Research & Investment Governance Committee	
	A	B	A	B	A	B
R McKelvie	13	13	+	+	+	+
D Steinhardt	13	13	+	+	+	+
C Holland	13	13	7	7	4	3
D Hasib	13	13	+	+	4	4
J Hubbard	13	13	7	7	+	+

A Number of meetings held during the time the Director held office or was a member of the committee during the year.

B Number of meetings attended during the time the director held office or was a member of the committee during the year.

+ Not a member of the relevant committee.

Significant Changes in State of Affairs

No significant changes in the Company's or Group's state of affairs occurred during the financial year.

Events after the Reporting Period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The Company did not pay any dividends during the financial year (2023: nil).

Options

There were no options granted or exercised during the year (2023: nil).

Indemnification and Insurance of Directors and Officers

It is the Group's policy that its Directors and Executives should be protected from any liability they incur as a result of acting in the course of their employment in their respective capacities, subject to appropriate conditions.

During the financial year, the Company has paid premiums for insurance for the benefit of the Directors and Executives of the Company against liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Directors' Particulars

Mr Roy McKelvie
BSc, MBA
Chairman
Non-Executive Director

Roy is the Non-Executive Chairman of the Infocus Group and joined the board in 2016. His career spans financial markets and operational roles in the UK, Europe, Asia and Australia. His last full-time role was as CEO of Transfield Holdings. Prior to this he was the MD & CEO of Gresham Private Equity in Sydney. He previously lived and worked in Hong Kong as MD and Asian Head of Deutsche Bank Capital Partners, and in the UK as a Director of 3i Group.

He is currently Chairman of Encompass Corporation, Wagesafe Limited, Pathify Group Inc, and Tavas Holdings Limited as well as being a Director of a number of other companies.

He has a BSc in Production Engineering from the University of Strathclyde and an MBA from the University of Edinburgh Business School.

Mr Darren Steinhardt
M App. Fin. FAIM, GAICD,
Managing Director

Originally from Brisbane, Darren has an extensive background of over 34 years in the financial advice profession and the associated industry, with specific expertise covering financial advice, financial technology and investment management. It was Darren's vision of being 'financially fit' that become the genesis of Infocus. Together with his wife Stephanie, Darren founded the business on Queensland's Sunshine Coast in 1994.

Darren is a Fellow of the Australian Institute of Management (AIM), a Member of the Australian Institute of Company Directors (AICD), has undertaken studies in finance, economics and law, and holds a Master's Degree in Applied Finance.

Mr Craig Holland
B Eco (Actg), M Tax, CPA, GAICD
Non-Executive Director

Craig is a non-executive director with expertise in accounting, strategy, finance, taxation and risk management.

Craig is the founder director of Generation Private which is a multi-family office practice servicing the needs of high wealth families. Craig is a former partner of Deloitte where he spent 16 years. Craig led the Deloitte Private Tax Group in Melbourne, was a member of the Deloitte Private National Executive and was also Deloitte Private's Chief Operating Officer. Craig is also a former director of the Good Guys Retail Group and well as holding other board and investment committee roles.

Craig is a Fellow of the Institute of Taxation, holds a Bachelor of Economics (Accounting) and has a Masters in Taxation (UNSW). Craig is also a Certified Practicing Accountant and a Graduate of the Australian Institute of Company Directors.

Mr David Hasib
Adv Dip FP, JP
Non-Executive Director

As the founding Director of PATRON Financial Advice, a leading dealer group with 84 authorised representatives, David oversaw the group's successful merger with Infocus Wealth Management in 2014. With over 33 years of experience in the financial services industry, David's deep expertise in wealth management and advisory services positions him as an invaluable asset within both the group and the broader financial sector.

David's distinguished career is marked by a proven track record of establishing and growing successful wealth advisory businesses. His leadership in managing a corporate practice of 15 advisers not only underscores his capability in operational management but also reflects his commitment to fostering high-performing teams dedicated to delivering superior financial outcomes for clients.

In addition to his non-executive leadership roles, David has actively contributed to the strategic development of the industry through his participation on the Infocus Board and various committees. His thought leadership, strategic acumen, and extensive industry knowledge have been instrumental in guiding the strategic direction and long-term growth of the organisations he has been involved with.

David's enduring commitment to the financial services sector, coupled with his extensive experience, continues to shape and influence the evolution of wealth management practices in Australia.

Mr Jonathan Hubbard
B Com, CA, GAICD
Non-Executive Director

Jon is a professional Company director bringing expertise in strategy, business development, industry reform and regulation, finance, risk management, accounting and audit.

Jon was previously a Partner in the Advisory practice of PwC for 12 years. During this period Jon specialised in the energy, resources and infrastructure industries, in respect of which he held a number of leadership roles. His overall career with the firm spanned 24 years across the SME, Audit and Advisory practices, in the Melbourne, London and Brisbane offices.

Jon was appointed to the Infocus Group board on 1 July 2013. Jon is also a director of Tavas Holdings Limited and Mirabou Energy Remote Power Systems Pty Ltd, Chairman of Mirabou Group Pty Ltd, and is a former director of the Australian Energy Market Operator Limited, CS Energy Limited and Territory Generation.

Jon has a Bachelor of Commerce from the University of Melbourne, is a Chartered Accountant (CAANZ), and a Graduate Member of the Australian Institute of Company Directors.

Company Secretaries

Michael Laffoley is a Chartered Accountant (CAANZ) and holds a BA (Honours) in Business Studies from the University of Hertfordshire. He has over 40 years of experience, predominantly in financial services with ASX listed entities.

He is also the Chief Financial Officer of the Infocus Group. Former roles include General Manager Financial Performance at CSG Limited, senior finance roles with Suncorp, CFO of MFS Diversified Group and Managing Director of The Rock Building Society Limited.

Rajesh Daji is a Chartered Accountant (CAANZ), a member of FINSIA, holds a B. Com from the University of Auckland, a Graduate Diploma of Applied Finance and an MBA (Exec) from UNSW Business School (AGSM). He has over 20 years of experience in both public practice and commercial working predominantly in financial services with ASX listed entities.

Proceedings of behalf of the company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, the amounts contained in these financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's Independence Declaration and non-audit services

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

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important but only when such assignments would not impair the independence of the auditors.

There were no amounts paid or payable to the auditor KPMG for non-audit services provided in the current year.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Roy McKelvie
Chairman

30 September 2024
Maroochydore

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Infocus Wealth Management Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Infocus Wealth Management Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B E Lovell
Partner

Brisbane
30 September 2024

Infocus Wealth Management Limited and its controlled entities
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Continuing operations			
Advice and services revenue	3(a)	74,727	76,085
Other income	3(b)	1,043	165
Advice and services fees and commissions paid		(60,668)	(62,316)
Bad and doubtful debts		(14)	(15)
Employee benefits	4(c)	(9,044)	(9,224)
Marketing, advertising and conference costs		(528)	(491)
Occupancy costs		(517)	(535)
Professional services		(2,544)	(1,313)
Re-assessment of the net present value of mortgage trail commissions		(121)	(227)
Subscriptions and licence fees		(702)	(598)
Technology costs		(496)	(447)
Other expenses		(810)	(451)
Operating profit from continuing operations		326	633
Amortisation, depreciation and impairment	4(a)	(1,454)	(2,290)
Finance costs	4(b)	(1,589)	(1,021)
Share of profit from associates	9	120	-
(Loss) before income tax expense		(2,597)	(2,678)
Income tax benefit	5	34	266
(Loss) for the year from continuing operations		(2,563)	(2,412)
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	2B	(12)	99
Total comprehensive (loss) for the year		(2,575)	(2,313)
(Loss)/profit for the year is attributable to:			
Non-controlling interest		(6)	49
Owners of Infocus Wealth Management Limited		(2,569)	(2,362)
		(2,575)	(2,313)
Total comprehensive (loss)/income for the year is attributable to:			
Non-controlling interest		(6)	49
Owners of Infocus Wealth Management Limited		(2,569)	(2,362)
		(2,575)	(2,313)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Infocus Wealth Management Limited and its controlled entities
Consolidated Statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	6	1,640	635
Term deposits		23	386
Trade and other receivables	7	8,042	8,734
Loan receivables	8	6	6
Current tax assets		-	12
Assets classified as held for sale	2B,12	-	2,101
Total current assets		9,711	11,874
Non-current assets			
Other receivables	7	494	450
Loan receivables	8	622	27
Investments	9	2,053	32
Property, plant and equipment	10	319	432
Right-of-use assets	11	231	722
Intangibles	12	22,063	20,511
Deferred tax	5	838	867
Total non-current assets		26,620	23,041
Total assets		36,331	34,915
Liabilities			
Current liabilities			
Trade and other payables	13	9,933	9,303
Current tax liabilities	5	3	-
Liabilities associated with assets classified as held for sale	2B	-	25
Borrowings	14	8,303	10,436
Lease liabilities	15	247	532
Provisions	16	811	801
Total current liabilities		19,297	21,097
Non-current liabilities			
Trade and other payables	13	-	250
Borrowings	14	9,540	3,265
Lease liabilities	15	8	255
Provisions	16	267	185
Deferred tax liabilities	5	721	787
Total non-current liabilities		10,536	4,742
Total liabilities		29,833	25,839
Net assets		6,498	9,076
Equity			
Share capital	17(a)	16,240	16,240
Reserves	17(b)	(513)	(513)
Accumulated losses		(9,229)	(6,660)
Equity attributable to the owners of the parent		6,498	9,067
Non-controlling interest		-	9
Total equity		6,498	9,076

The above statement of financial position should be read in conjunction with the accompanying notes.

Infocus Wealth Management Limited and its controlled entities
Consolidated Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total controlling interest $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	16,240	(513)	(4,298)	11,429	4	11,433
Total comprehensive (loss)/income for the year	-	-	(2,362)	(2,362)	49	(2,313)
Transactions with owners in their capacity as owners:						
Dividends paid (note 18)	-	-	-	-	(44)	(44)
Balance at 30 June 2023	16,240	(513)	(6,660)	9,067	9	9,076
Balance at 1 July 2023	16,240	(513)	(6,660)	9,067	9	9,076
Total comprehensive (loss) for the year	-	-	(2,569)	(2,569)	(6)	(2,575)
Transactions with owners in their capacity as owners:						
Dividends paid (note 18)	-	-	-	-	(1)	(1)
Non-controlling interest disposed	-	-	-	-	(2)	(2)
Balance at 30 June 2024	16,240	(513)	(9,229)	6,498	-	6,498

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Infocus Wealth Management Limited and its controlled entities
Consolidated Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		83,812	82,687
Payments to suppliers and employees		(83,700)	(81,331)
Interest received		62	25
Interest and other finance costs paid		(1,565)	(976)
Dividends received		17	29
Income taxes received/(paid)		4	(33)
Net cash (used in)/provided by operating activities	27	(1,370)	401
Cash flows from investing activities			
Proceeds from sale of intangibles		1,580	432
Proceeds from business combinations	20	851	-
Loans advanced to superannuation trustees		(600)	-
Repayment of loans by advisers		5	8
Dividends received from investments		112	-
Payments for investments		(36)	(2)
Payments for property, plant and equipment		(62)	(105)
Payments for intangibles		(956)	(728)
Net cash provided by/(used in) investing activities		894	(395)
Cash flows from financing activities			
Proceeds from borrowings		6,017	6,920
Repayment of borrowings		(3,553)	(5,542)
Repayment of lease liabilities	15	(556)	(927)
Dividends paid	18	(1)	(44)
Net cash provided by financing activities		1,907	407
Net increase in cash and cash equivalents		1,431	413
Cash and cash equivalents at the beginning of the year		(1,027)	(1,440)
Cash and cash equivalents at the end of the year	6	404	(1,027)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Corporate information
The consolidated financial statements of Infocus Wealth Management Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 30 September 2024. Infocus Wealth Management Limited (the Company or the parent) is a public Company incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Note 2A. Material accounting policies

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless stated otherwise in the notes.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2A(z).

Disclosure

Some disclosures in the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and notes to the financial statements for comparatives have been reclassified to be consistent with current period disclosures.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Infocus Wealth Management Limited (Company or parent entity) as at 30 June 2024 and the results of all subsidiaries for the year then ended. Infocus Wealth Management Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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 from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2A. Material accounting policies (continued)

(c) Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(d) Revenue and expense recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers. Revenue earned by the Group from its contracts with customers primarily consists of the following categories of fee and commission income:

Financial advisory services include the following:

(i) Advice and services revenue

This includes licensee and advice services revenue from ongoing use of the Group's AFSL by authorised representatives, and is recognised when the performance obligation is satisfied over time as the service is provided.

(ii) Mortgage broking services

The Group enters into contracts with customers to act as an agent to offer loans to customers. Upfront commissions are recognised at a point in time on settlement of the loan. Trail commissions are recognised at the estimated 'expected value' of the variable consideration being the present value of the expected future trailing commissions to be received from the lending institution. Subsequent to initial recognition, the carrying amount of the contract asset is adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows using the Group borrowing rate. This adjustment is recognised in profit or loss.

(iii) Other fee and commission income

This includes fees relating to accounting, business advisory and tax services and are recognised when the performance obligation is satisfied over time as the service is provided.

Infrastructure services

The Group offers access to its systems to product issuers, advisers and clients with the end purpose of delivering quality financial advice and information to clients. Revenue from each of these parties is recognised over time as the services are made available to them.

Investment management services

The Group earns revenue through the provision of investment and funds management services to its customers. Under this arrangement, the fee charged is calculated based on a fixed percentage of Funds Under Management. Revenue is recognised as the service is provided.

Dividends and rent

Dividends or distributions are recognised as income when the Group becomes entitled to the dividend or distribution.

Lease rental income is recognised on a straight-line basis over the lease term.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life the financial asset to that asset's net carrying amount on initial recognition.

Expenses

Expenses are recognised in the statement of profit and loss and other comprehensive income as and when the provision of services is received.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2A. Material accounting policies (continued)

(e) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation

The parent entity and its 100% owned subsidiaries formed an income tax consolidation group with effect from 1 July 2020. A consequence of entering into the tax consolidation regime is that the consolidated group (consisting of the parent entity and its 100% owned subsidiaries) is treated as a single taxpayer for income tax purposes and all intercompany transactions are ignored for tax purposes The parent and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone tax payer.

Members of the Infocus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidated group agree to make a tax equivalent payment to the parent based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidated group in accordance with AASB 112 *Income Taxes.*

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.
A liability is classified as current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(g) Cash and cash equivalents

Cash and cash equivalents include 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables and contract assets

Trade and other receivables are recognised at amortised cost, less any loss allowance on a specific basis. Trade receivables are generally due for settlement within 30-120 days of recognition.

Contract assets are recognised when the Group has transferred services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract assets relate to future trail commissions due from a combination of Australian banks and non-bank lenders. Any expected credit loss would not be material as these organisations have reduced credit risk and consequently none has been recognised.

Note 2A. Material accounting policies (continued)

(i) Investments and other financial assets

(i) Classifications

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three methods to classify debt instruments: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Equity instruments

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss with any debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, refer to note 2A(h) above.

Note 2A. Material accounting policies (continued)

(j) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. 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 repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

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

Depreciable assets	*Depreciation rate*
Leasehold improvements	2.5% to 10.0%
Plant and equipment	5.0% to 67.0%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(k) Right of use assets and lease liabilities

The Group leases office space and equipment for which contracts are typically entered into for fixed periods and may include extension options. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date, the leased asset is available for use by the Group.

The right-of-use assets initially are measured at cost and comprise of the following:

- The amount of the initial measurement of the lease liabilities;
- Any lease payments made at/or before the commencement date less lease incentives;
- Any initial direct costs incurred by the Group; and
- Restoration costs.

The lease liabilities as at the commencement date will include the net present value of the following lease payments:

- Any fixed payments less any lease incentives receivable;
- Variable lease payments based on an index or rate, initially measured using the index or rate at commencement;
- Amount expected to be payable by the Group under a residual value guarantee;
- Payments of penalties for termination of the lease if the lease term reflects the Group exercising the option to terminate the lease; and
- Exercise price of a purchase option if the Group is reasonably certain to exercise that option.

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term (including the extension option where applicable) on a straight-line basis. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise the extension option. If the Group is reasonably certain that it will exercise the option to renew the lease then the extended period has been taken into consideration for calculating the depreciation amount. The right-of-use assets held by the Group may be subsequently adjusted for any re-measurement of the lease liability to reflect any reassessment or lease modifications identified, or to reflect revised in-substance fixed lease payments.

Note 2A. Material accounting policies (continued)

(k) Right of use assets and lease liabilities (continued)

The lease payments are discounted using the interest rate implicit in the lease or, where that is not available, by using the Group's incremental borrowing rate payable to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease payments are allocated between the principal and finance cost. The operating expense in respect of lease payments in the profit and loss account has been replaced by the finance cost, calculated by the incremental borrowing rate on the remaining balance of the lease liability, and the depreciation cost for the right-of-use asset. This has typically resulted in higher depreciation and interest expense in earlier years and lower expenses in later years with flow on impacts to financial metrics such as EBITDA.

The finance cost component of the lease payments is treated as an operating cash outflow in the statement of cash flows while the principal payments are treated as a financing cash outflow.

Payments associated with short-term leases of premises and equipment with a lease term of less than 12 months continue to be recognised on a straight-line basis as an expense in the profit and loss account.

(l) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Client portfolios

Client portfolios acquired as part of a business combination are recognised separately from goodwill. The assets are measured at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of the projected cash flows of the relationships for 13 years from the date of purchase and their carrying value is amortised over that period. This assessment is based on the average age of clients, life expectancy and average period of client retention.

Software development

Costs incurred on software development projects (relating to the design and testing of new or improved software products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including direct labour.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Capitalised development costs are recorded as an intangible asset and amortised using the straight-line method from the point at which the asset is ready for use over its useful life of 3 to 10 years.

(m) Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal, and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

Note 2A. Material accounting policies (continued)

(n) 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.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

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 reporting period.

(p) Provisions and contingent liabilities

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Contingent liabilities
No liability is recognised if an outflow of economic resources as a result of the present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(q) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave and long service leave are recognised as a provision in the statement of financial position. All other short-term employee benefit obligations are presented as payables.

The leave obligations cover the Group's liability for annual leave and long service leave.

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

Note 2A. Material accounting policies (continued)

(q) Employee benefits (continued)

Other long-term employee benefits

The liabilities for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions which are taken into consideration in determining fair value.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are satisfied and therefore the employee becomes fully entitled to the award (vesting date).

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, and it is treated as if it has vested on the date of cancellation, then any remaining expense is recognised immediately. If any new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on their highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2A. Material accounting policies (continued)

(r) Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) Share capital

Ordinary shares are classified as equity.

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.

(t) Dividends

Dividends payable are recognised when declared during the financial year.

(u) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, and after the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised in a separate reserve within equity attributable to owners of Infocus Wealth Management Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Note 2A. Material accounting policies (continued)

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

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

(w) Rounding of amounts

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, the amounts contained in these financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

(x) Parent entity financial information

The financial information for the parent entity, Infocus Wealth Management Limited, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements.

(y) New or amended accounting standards and interpretations

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet mandatory.

Several other new or amended standards and interpretations that were mandatorily effective on 1 July 2023 did not result in a material impact to the consolidated financial statements of the Group.

(z) Critical accounting judgements, estimates and assumptions

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(i) Assessment of impairment of goodwill and other indefinite life intangible assets

Under the accounting standards, the Group is required to perform an annual assessment as to whether there has been any impairment of its goodwill and other indefinite life intangible assets. Details of the basis of performance of the assessment and the assumptions made are set out in note 12.

(ii) Acquired intangible assets

Under the accounting standards, the assets and liabilities of businesses acquired through a business combination are to be measured at their acquisition date fair values. The Group applies judgements in selecting valuation techniques and setting valuation assumptions to determine the acquisition date fair values and to estimate the useful lives of these assets as set out in notes 2A(l) and 2A(u).

(iii) Provision for impairment of receivables

The Group estimates losses incurred on its trade receivables in accordance with the policy as per note 2A(h).

(iv) Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets as per notes 2A(j) and 2A(l). The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2A. Material accounting policies (continued)

(z) Critical accounting judgements, estimates and assumptions (continued)

(v) Capitalisation of internally developed software

The Group's determination of whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

(vi) Mortgage broking services - trail commissions

The Group receives trail commissions from lenders (presented as contract assets) over the life of the loan based on the loan balance outstanding subject to the loan continuing to perform. The average run-off life is impacted by the future run-off rate. A reduction in the average loan life as a result of higher run-off would result in a lower asset position. Key assumptions include the average run-off loan life and discount rate applied per annum.

(vii) Lease term extension options and leases in holdover

In determining lease term, extension options are included in some property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

Where a lease enters holdover, management estimate the expected lease term and rental based on the available information at the balance date. Any adjustments required due to changes in estimates or entering into a new lease agreement are recognised in profit or loss in the period the adjustments are made.

(aa) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Whan an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation has been discontinued from the start of the comparative year.

(ab) Investments in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Note 2A. Material accounting policies (continued)

(ac) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Company to continue as a going concern including meeting operating cash requirements and paying debts as and when they fall due is dependent on:

- achieving profitability and generating sufficient operating cash inflows;
- continued financial support from its financiers; and
- securing additional capital investment where required.

The Group has a loss after tax for the year ended 30 June 2024 of $2,575k (2023: $2,313k). The Group has an excess of current liabilities over current assets at reporting date of $9,586k (30 June 2023: $9,223k).

It should be noted that the Group had undrawn borrowing facilities at that date of $3,910k (2023: $5,209k), and bank borrowings of $9,296k (2023: $9,213k).

Included in bank borrowings at 30 June 2024 are two term loans which at balance date had maturity dates in October 2024. These facilities totalling $4,708k and drawn down to $3,188k have been included as current liabilities at 30 June 2024. The Bank has subsequently confirmed extension of these loan facilities until 2 February 2025.

The Company continues to take the necessary steps to manage its cash position as demonstrated by the following:

- The raising of $3,475k in convertible notes in 2023/2024 and $2,420k of unsecured notes in 2024 (refer to Note 14); and

- Forecasts show net positive operating cash flows for 2024/25 and 2025/26 financial years.

The directors are of the opinion the Group will continue normal business activities and be able to realise its assets and settle its liabilities in the ordinary course of business. The Group has taken appropriate action and steps to manage its cash flows going forward and continues to receive the support of the Bank.

Should the Group be unable to extend the loan facilities and achieve cashflow forecasts there is material uncertainty regarding the Group’s ability to continue as a going concern and the Group may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in this financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities, nor other appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Note 2B. Discontinued operations and Assets held for sale

Discontinued operations and Assets held for sale – Capalaba Financial Planning Pty Ltd

During the last financial year, the Group commenced a sales process of its interest in CFP to prospective buyers. Consequently, the assets and liabilities were classified as discontinued operations and assets held for sale in the 2023 consolidated financial statements. Revenue and expenses relating to the discontinuation of this entity have been eliminated from profit or loss from the Group's continuing operations and are shown as a single item in the consolidated profit or loss.

On 30 September 2023, the Group disposed its 50% interest in CFP in cash for $722k.

For financial reporting purpose, the results of the CFP business are presented as discontinued operations.

Analysis of profit for the year from discontinued operations

	2024 $'000	2023 $'000
Revenue	92	480
Expenses	(104)	(348)
(Loss)/profit before tax from discontinued operations	(12)	132
Income tax expense	-	(33)
(Loss)/profit for the year from discontinued operations	(12)	99
(Loss)/profit from discontinued operations attributable to:		
Owners of Infocus Wealth Management Limited	(6)	50
Non-controlling interest	(6)	49
(Loss)/profit for the year from discontinued operations	(12)	99
Cash flows from discontinued operations		
Net cash (used in)/provided by operating activities	(13)	145
Net cash (used in)/provided by discontinued operations	(13)	145

Assets and liabilities of discontinued operations

At the date of disposal, the carrying amount of CFP's net assets were as follows:

	30 Sept 2023 $'000	30 June 2023 $'000
Assets		
Cash	18	2
Receivables	4	41
Current tax assets	-	1
Goodwill	722	722
Assets	744	766
Liabilities		
Payables	19	17
Deferred tax liabilities	-	9
Liabilities	19	26
Net assets	725	740

Note 3(a). Advice and services revenue

	Consolidated 2024 $'000	Consolidated 2023 $'000
Financial advisory services	69,684	72,505
Infrastructure services	2,247	2,089
Investment management services	2,796	1,491
Total advice and services revenue	74,727	76,085

Note 3(b). Other income

	2024	2023
Gain on sale of client portfolios	888	-
Dividend and rental income	93	139
Interest income	62	26
Total other income	1,043	165

Note 4. Expenses

(a) Amortisation, depreciation and impairment

	2024	2023
Depreciation of property, plant and equipment (note 10)	175	292
Depreciation of right-of-use assets (note 11)	491	819
Amortisation of intangible assets (note 12)	788	879
Impairment of goodwill (note 12)	-	300
Total amortisation, depreciation and impairment	1,454	2,290

(b) Finance costs

	2024	2023
Interest on borrowings	1,565	959
Interest on lease liabilities (note 15)	24	62
Total finance costs	1,589	1,021

(c) Employee benefits

Post-employment benefits expenses were $849k (2023: $820k).

Note 5. Income tax

	Consolidated 2024 $'000	2023 $'000
Income tax (benefit)		
Current tax	3	20
Deferred tax - origination and reversal of temporary differences	(37)	(249)
Adjustment of prior year	-	(37)
Aggregated income tax (benefit)	(34)	(266)
Deferred tax included in income tax (benefit) comprises:		
Decrease/(increase) in deferred tax assets	29	(82)
(Decrease) in deferred tax liabilities	(66)	(167)
Deferred tax – origination and reversal of temporary differences	(37)	(249)
Income tax (benefit) reconciled to accounting (loss)		
(Loss) before income tax expense	(2,597)	(2,678)
Income tax (benefit)//expense calculated at 30% (2023: 30%)	(779)	(803)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	118	182
Non-assessable income	(293)	(3)
Current and prior year revenue tax losses unrecognised	1,072	362
Difference in tax rates of controlled entity	(152)	33
Adjustment of previous year	-	(37)
Income tax (benefit) from continuing operations	(34)	(266)

Deferred tax assets

	2024 $'000	2023 $'000
Deferred tax assets relate to the following:		
Accrued expenses and other items	441	476
Employee benefits	303	296
Property, plant and equipment	84	51
Provisions	10	44
	838	867
Movements:		
Opening balance	867	785
(Charged)/credited to profit or loss	(29)	82
Closing balance	838	867

Unrecognised deferred tax assets

	2024 $'000	2023 $'000
Revenue tax losses – tax benefit at 30%	3,332	2,260

These revenue tax losses are available for offset against future taxable income. At balance date, the Group has gross revenue tax losses of $11.1m to offset against future taxable income and capital tax losses of $5.6m to offset against future capital gains.

Note 5. Income tax (continued)

	Consolidated 2024 $'000	2023 $'000
Deferred tax liabilities		
Deferred tax liabilities relate to the following:		
Intangible assets	714	765
Accrued income and other items	7	22
	721	787
Movements:		
Opening balance	787	963
(Credited)/charged to profit or loss	(66)	(167)
Reclassified to held for sale from discontinued operations (refer Note 2B)	-	(9)
Closing balance	721	787
Current tax assets	-	12
Current tax payable	3	-

Note 6. Cash and cash equivalents

Cash at bank and on hand	1,640	635

Reconciliation to cash and cash equivalents at the end of the year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as per above	1,640	635
Bank overdraft (note 14)	(1,236)	(1,662)
Balance as per statement of cash flows	404	(1,027)

Refer to note 19 on financial instruments-risk management and fair values.

Note 7. Trade and other receivables

Current		
Trade and other receivables[1]	6,590	7,384
Less: Provision for impairment of receivables	(33)	(148)
	6,557	7,236
Contract assets – mortgage trail commissions	250	299
Prepayments	1,235	1,199
Total current trade and other receivables	8,042	8,734

1 These include Accrued revenue of $5,129k (2023: $4,982k).

Note 7. Trade and other receivables (continued)

	Consolidated 2024 $'000	2023 $'000
Non-current		
Contract assets – mortgage trail commissions	356	428
Deposits for rental premises	138	22
	494	450
Total trade and other receivables	8,536	9,184

Refer to note 19 on financial instruments-risk management and fair values.

Impairment of receivables
The Group has recognised a loss of $14k (2023: $15k) in profit or loss in respect of receivables written-off and/or provided for the year ended 30 June 2024.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2024 $'000	2023 $'000
0 to 3 months overdue	-	-
3 to 6 months overdue	-	-
Over 6 months overdue	33	148
	33	148

Movements in the provision for impairment of receivables are as follows:		
Opening balance	148	141
Addition to provision	11	15
Receivables write-off during the year	(126)	(8)
Closing balance	33	148

Past due but not impaired

Balances past due but without provision for impairment of receivables amount to $775k as at 30 June 2024 (2023: $465k).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2024 $'000	2023 $'000
0 to 3 months overdue	477	399
3 to 6 months overdue	119	27
Over 6 months overdue	179	39
	775	465

Note 8. Loan receivables

	Consolidated 2024 $'000	2023 $'000
Current		
Loan receivables	6	6
Non-current		
Loan receivables	622	27
Total loan receivables	628	32

Refer to note 19 on financial instruments-risk management and fair values.

Impaired loans and loans past due

The Group does not have any non-performing loans at balance date.

Note 9. Investments

	Consolidated 2024 $'000	2023 $'000
Investment in associate	1,694	-
Investment in unlisted company	325	-
Other investments	34	32
	2,053	32

Investment in associate accounted for using the equity method

The Group acquired a 20% equity interest in Wealth Connexion Unit Trust on 31 October 2023 in exchange for selling its Brisbane client portfolios to this entity which were classified as held for sale as at 30 June 2023.

Summary of the financial information regarding the Group's share in this associate is as follows:

	Consolidated 2024 $'000	2023 $'000
Share of profit for the period	120	-
Carrying amount of investment	1,694	-
Changes in carrying amount of investment		
At 1 July 2023	-	-
Investment in associate	1,686	-
Share in net result for the period	120	-
Distributions received	(112)	-
At 30 June 2024	1,694	-

Note 10. Property, plant and equipment

	Consolidated 2024 $'000	Consolidated 2023 $'000
Leasehold improvements	764	847
Less: Accumulated depreciation	(703)	(776)
	61	71
Plant and equipment	2,263	2,527
Less: Accumulated depreciation	(2,005)	(2,166)
	258	361
	319	432

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
At 1 July 2022	39	580	619
Additions	40	65	105
Depreciation expense	(8)	(284)	(292)
At 30 June 2023	71	361	432
At 1 July 2023	71	361	432
Additions	-	62	62
Depreciation expense	(10)	(165)	(175)
At 30 June 2024	61	258	319

Note 11. Right-of-use assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Premises	5,452	5,452
Less: Accumulated depreciation	(5,236)	(4,755)
	216	697
Equipment	204	204
Less: Accumulated depreciation	(189)	(179)
	15	25
	231	722

Note 11. Right-of-use assets (continued)

Consolidated	Premises $'000	Equipment $'000	Total $'000
At 1 July 2022	1,506	35	1,541
Depreciation expense	(809)	(10)	(819)
At 30 June 2023	697	25	722
At 1 July 2023	697	25	722
Depreciation expense	(481)	(10)	(491)
At 30 June 2024	216	15	231

Note 12. Intangibles

	Consolidated 2024 $'000	Consolidated 2023 $'000
Goodwill	17,366	15,515
Less: Accumulated impairment	(577)	(577)
	16,789	14,938
Client portfolios	1,616	3,157
Less: Accumulated amortisation	(589)	(1,786)
	1,027	1,371
IT development & software	8,210	7,602
Less: Accumulated amortisation	(3,963)	(3,400)
	4,247	4,202
	22,063	20,511

Consolidated	Goodwill $'000	Client portfolios $'000	Software development $'000	Total $'000
At 1 July 2022	16,956	2,200	4,195	23,351
Additions	-	-	626	626
Adjustment to final purchase price	-	(230)	-	(230)
Reclassified to held for sale	(1,718)	(339)	-	(2,057)
Impairment expense	(300)	-	-	(300)
Amortisation expense	-	(260)	(619)	(879)
At 30 June 2023	14,938	1,371	4,202	20,511
At 1 July 2023	14,938	1,371	4,202	20,511
Additions	-	705	608	1,313
Additions through business combinations (note 20)	1,851	-	-	1,851
Disposals during the year	-	(824)	-	(824)
Amortisation expense	-	(225)	(563)	(788)
At 30 June 2024	16,789	1,027	4,247	22,063

For the purpose of impairment testing, goodwill and other intangible assets are allocated to the Group’s Cash Generating Units (CGUs) which represent the lowest level within the Group for internal management purposes.

Note 12. Intangibles (continued)

The carrying amount of goodwill and other intangible assets of each CGU is tested for impairment at each reporting date and when there is an indication of potential impairment. If an asset is impaired it is written down to its recoverable amount. The recoverable amount is based on a value-in-use calculation using discounted cash flow projections for five years prepared from current forecasts using certain key assumptions.

The key assumptions used in carrying out impairment testing for each CGU (B2B and B2C) are:

(i) Budgeted operating cash flows which represent the Group's estimate of future cash flows based on forecasts approved by the Board of Directors;
(ii) Post-tax discount rate 14.2% (2023:15.4%); and
(iii) Long-term growth rate (terminal rate) 2.5% (2023: 2.5%).

The goodwill was allocated to the following CGUs:

	Goodwill 2024 $'000	2023 $'000
CGUs		
B2B	7,127	5,276
B2C	9,662	9,662
	16,789	14,938
Reclassified to held for sale:		
B2C	-	996
Capalaba	-	722
	-	1,718

Changes in assumptions made in the assessment of impairment of goodwill relate to estimating sustainable revenues. The assumptions are compared to market each year and adjusted appropriately.

The estimates and judgements included in the fair value calculations are based on historical experience and other factors, including management's and the directors' expectations of future events that are believed to be reasonable under the current circumstances.

Goodwill once impaired cannot be reversed. However, impairments of other intangibles can be reversed if conditions have changed and the recoverable amount is higher than carrying amount.

Note 13. Trade and other payables

	Consolidated 2024 $'000	2023 $'000
Current		
Trade payables[1]	7.980	7,557
Other payables	1,953	1,746
	9,933	9,303
Non-current		
Other payables	-	250

1 These include Accrued expenses of $4,737k (2023: $4,445k) and Income in advance of $1,456k (2023: $1,936k).

Refer to note 19 on financial instruments-risk management and fair values.

Note 14. Borrowings

	Consolidated 2024 $'000	2023 $'000
Current		
Bank overdraft	1,236	1,662
Bank term loans(a)	3,188	2,488
Bank loan- SMERLs (b)	864	5,063
Unsecured notes(c)	2,420	-
Unsecured corporate loans	595	1,223
Total current borrowings	8,303	10,436
Non-current		
Bank loan- SMERLs (b)	3,961	-
Convertible notes (d)	5,579	3,265
Total non-current borrowings	9,540	3,265
Total borrowings	17,843	13,701

(a) The Group has classified its bank term loans as current liabilities due to its rolling facilities. For further information refer to the Going concern note 2A (ac).

(b) The Group has a ten-year, loan facility offered by the Bank under the Australian Government's SME Recovery Loan Scheme (SMERLS). The Group had classified this loan facility as a current liability in 2023 for not meeting then- existing bank covenants. In FY 2024, this loan facility has been split into current and non-current as there were no bank covenants in place at 30 June 2024

(c) The Company issued 2,420,000 at 4% above 90-day Bank Bill Swap Rate – Mid (BBSW) unsecured notes for $2,420k for a twelve-month term.

(d) The Company has issued convertible notes as follows:

(i) 3,475,000 12.5% convertible notes for $3,475k ($3,265k at 30 June 2023) on a three-year term. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 20 June 2026. The conversion rate is 2.38 shares for each note held and each conversion request from a noteholder must be for a minimum of $10k worth of notes.

(ii) 2,104,000 8% convertible notes for $2,104k on a three-year term on 28 June 2024. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 28 June 2027.

Refer to note 19 on financial instruments - risk management and fair values.

Assets pledged as security

The bank facilities are secured by a fixed and floating charge over the Group's assets and a guarantee from a major shareholder and director.

	Consolidated 2024 $'000	2023 $'000
Financing arrangements		
Total facilities available from bank	13,206	14,422
Facilities used at balance date	(9,296)	(9,213)
Facilities available from bank at balance date	3,910	5,209

Note 15. Lease liabilities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current		
Lease liabilities	247	532
Non-current		
Lease liabilities	8	255
Total lease liabilities	255	787
Movement in lease liabilities:		
Opening balance	787	1,652
Interest expense	24	62
Lease payments	(556)	(927)
Closing balance	255	787
Amounts recognised in the Statement of profit and loss and other comprehensive Income		
Depreciation relating to right-of-use assets (note 4)	491	819
Interest expense (finance cost, note 4)	24	62
Expenses relating to short-term leases	517	535
	1,032	1,416
Total cash outflows relating to operating leases		
Lease repayments disclosed under financing activities	556	927
Less: Interest expense disclosed as non-cash adjustments in operating activities	(24)	(62)
Net lease repayments excluding interest expenses	532	865

Note 16. Provisions

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current		
Employee benefits - leave obligations	811	801
Total	811	801
Non-current		
Employee benefits - leave obligations	267	185
Total provisions	1,078	986
(i) Movement in provision for client legal claims:		
Opening balance	-	204
Provisioning expense	-	-
Claims settlements paid	-	(204)
Closing balance	-	-
(ii) Movement in provision for employee benefits:		
Opening balance	986	780
Provisioning expense	788	780
Employee benefits paid	(696)	(574)
Closing balance	1,078	986

Note 17. Equity

(a) Share capital

	2024 Shares (thousands)	2023 Shares (thousands)	Consolidated 2024 $'000	Consolidated 2023 $'000
Closing balance	48,585	48,585	16,240	16,240

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Reserves

	Consolidated 2024 $'000	Consolidated 2023 $'000
There was no movement in reserves during the year.	513	513

Transactions with non-controlling interests reserve

The reserve is used to record differences arising as a result of transactions with non-controlling interests that do not result in a loss of control, as described in note 2A(b).

(c) Capital risk management

When managing capital, the Board's objective is to ensure the Group can continue as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management monitors the capital structure to ensure that the Group is positioned to take advantage of favourable costs of capital or higher expected return on assets. The Group currently has facilities of $13,206k with the bank which was drawn down by $9,296k at 30 June 2024.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise additional debts or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements.

Note 18. Dividends

	2024 $'000	2023 $'000
Final dividend paid by controlled entities		
Final dividend paid for the year ended 30 June 2024: $10.50 (2023 final dividend paid $442.50) per ordinary share to non-controlling interest by Capalaba Financial Planning Pty Ltd	1	44
Total dividends paid (1)	1	44

(1) All dividends paid are franked at a tax rate of 25% (2023: 25%)

Dividend franking account

	Consolidated 2024 $'000	Consolidated 2023 $'000
Franking credits available for subsequent financial years	1,539	1,493

The ability to utilise the franking credits is dependent upon the ability to declare and pay dividends.

Note 19. Financial instruments - risk management and fair values

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate and currency risk), credit risk and liquidity risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(i) Market risk

Market risk is the risk of an adverse impact on Group earnings resulting from changes in market factors, such as interest rates and foreign exchange rates, commodity prices and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group does not use derivatives to manage market risks.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure on financial assets comprising of cash and cash equivalents is considered immaterial.

Interest rate sensitivity

The analysis demonstrates the impact of a movement in interest rate on borrowings of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for variable rate borrowings (i.e., bank overdraft and bank loans) in the Group:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Bank overdraft and bank loans	9,296	9,213

If interest rates had changed by, +/- 1% from the year-end rates with remaining contractual maturities and all other variables held constant, the impact on the Group's after-tax profits and equity on above exposures would have been $65k lower/$65k higher (2023: $64k lower/$64k higher).

Note 19. Financial instruments - risk management and fair values (continued)

Currency risk

The Group has no operations outside of Australia and is not exposed to any material currency risk.

Price risk

The Group has indirect exposure to commodity and equity securities price risk because a portion of the Group's net advice and investment products revenue is governed by the amount of funds under management or under advice, which is impacted by the market price of equities and other investment assets.

This risk is effectively a feature of the financial advice industry and cannot easily be managed. However, the increasing proportion of fee for service revenue and the ability of the Group to adjust resource inputs in relation to market movements decreases the level of risk.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables, loan receivables and contract assets. The Group's maximum exposure is equal to the carrying amount of these assets (refer to notes 6 to 8).

The Group's cash balances are primarily held with National Australia Bank Limited (credit rating AA-) and Westpac Banking Corporation (credit rating AA-).

The Group has advanced loans as capital funding to the trustee of its superannuation platform (under Operational Risk Financial Requirements 'ORFR', a superannuation prudential requirement) that are held on the superannuation trustee's balance sheet as Tier 1 Common Equity. These loans have been advanced due to the increasing assets under management within the underlying superannuation funds during the year. The Group earns interest income on these funds held by the superannuation trustee.

The Group has provided vendor finance to one of its authorised representatives who has purchased a book of clients from the Group. The loan is contingent on the adviser remaining authorised with Infocus Securities Australia Pty Ltd and is secured by charges over the client books and the brokerage revenues that Infocus collects from the servicing of those clients.

In respect of trade and other receivables, the Group has no significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, all receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is monitored and managed.

Note 19. Financial instruments - risk management and fair values (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group maintains sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The balances in the table relating to borrowings will not agree to amounts presented in the statement of financial position as amounts incorporate net cashflows on an undiscounted basis and include both principal and associated future interest payments.

It should be noted the Group does not manage its liquidity risk in this simplified manner.

	Contractual cash flows					
At 30 June 2024	**Less than 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**Greater than 5 years $'000**	**Total $'000**	**Carrying amount $'000**
Trade and other payables	9,933	-	-	-	9,933	9,933
Borrowings	9,879	4,463	3,429	5,117[1]	22,888	17,843
Lease liabilities	259	8	-	-	267	255
	20,071	4,471	3,429	5,117	33,088	28,031

At 30 June 2023	**Less than 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**Greater than 5 years $'000**	**Total $'000**	**Carrying amount $'000**
Trade and other payables	9,303	250	-	-	9,553	9,553
Borrowings	11,753	408	3,673	-	15,834	13,701
Lease liabilities	559	259	8	-	826	787
	21,615	917	3,681	-	26,213	24,041

1 The Group has a ten-year, loan facility offered by the Bank under the Australian Government's SME Recovery Loan Scheme. This was disclosed in less than 1 year category at 30 June 2023 and/or as current borrowings as the Group had not met its then-existing bank covenants (refer Note 14).

(b) Fair value of financial assets and financial liabilities

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

Financial instruments measured at fair value are categorised under a three-level hierarchy as outlined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Note 19. Financial instruments - risk management and fair values (continued)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has assessed its financial instruments recorded at fair value and these are categorised under the fair value hierarchy. The carrying amount and fair value of financial assets and financial liabilities are held at amortised cost. The methodology and assumptions used in determining fair values are as follows:

Cash and cash equivalents

The carrying amount of cash and cash equivalents is an approximation of fair value as they are short term in nature or are receivable on demand.

Trade and other receivables

Trade and other receivables are recognised at amortised cost net of any impairment losses.

Loan receivables

Loan receivables are recognised at amortised cost net of any impairment losses.

Trade and other payables

Trade and other payables are an approximation of fair values as they are short term in nature.

Borrowings

The Group has borrowings which are not measured at fair value in the statement of financial position. The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group. The Group is of the view that underlying assumptions and factors have not changed in this reporting period and the carrying amounts of borrowings is an approximation of fair values at reporting date.

Fair value hierarchy

Borrowings

These are classified as Level 2 as the inputs into the fair value models (being current market rates) used to determine fair value are observable.

Note 20. Business combinations

On 28 June 2024, the Group acquired 100% of the issued share capital of Madison Financial Group Pty Limited (Madison) and WealthPortal Pty Limited (WealthPortal). Details of the business combination are as follows:

	Purchase consideration $'000
Convertible notes (note 14)	2,104

	Provisional fair value recognised on acquisition $'000
Cash and cash equivalents	851
Trade and other receivables	131
Trade and other payables	(715)
Employee benefits	(14)
Identifiable net assets at fair value	253
Consideration	2,104
Goodwill recognised (note 12)	1,851
Analysis of cash flow on acquisition	
Cash and cash equivalents acquired	851
Cash paid	-
Net cash inflow on acquisition	851

For the year ended 30 June 2024, Madison and WealthPortal contributed $Nil to the Group's revenues and profit before tax, respectively from the date of the acquisition to 30 June 2024.

Note 21. Contingent liabilities and contingent assets

The nature of the financial advice business is such that from time-to-time advice given by the Group or its authorised representatives may generate client compensation claims. As a result, contingent liabilities may arise from time to time. As at 30 June 2024 there were no contingent liabilities (2023: nil).

The Group has no contingent assets at 30 June 2024 (2023: nil).

Note 22. Capital Commitments

There were no material capital commitments at 30 June 2024.

Note 23. Related party disclosures

Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2024 $	2023 $
Short-term employee benefits and consulting fees paid to Directors	2,061,003	2,130,906
Post-employment benefits	170,624	189,843
	2,231,627	2,320,749

The remuneration of directors and key executives is determined by the Board in relation to the performance of individuals and market trends.

Parent entity

The parent entity of the Group is Infocus Wealth Management Limited.

Subsidiaries

Interests in Group entities are set out in note 26.

Transactions with related parties

Balances and transactions between the Company and its subsidiaries and controlled entities, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Group has paid the following services to a related company of Mr and Mrs Steinhardt:

	2024 $	2023 $
Payment for consulting services	553,847	530,205
Payment for services – for financial guarantees to the Group bankers	92,491	92,128
Payment for services – for rental premises (Maroochydore)	554,281	531,655
Total	1,200,619	1,153,988

Key management personnel held the following investments in debt securities of the Company at balance date:

Convertible notes	485,000	485,000

Terms and conditions

All related party transactions were made on normal commercial terms and conditions and at market rates. Directors J. Hubbard and D. Steinhardt are clients of a controlled entity within the Group, this relationship is on normal commercial terms and conditions. The Group has earned income from J. Hubbard of $10,228 for the year ended 30 June 2024 (30 June 2023 $9,469). The Group has earned income from D. Steinhardt of $4,337 for the year ended 30 June 2024 (30 June 2023 $3,236).

Note 24. Auditor's remuneration

	Consolidated	
	2024	**2023**
	$	**$**
Audit and review services		
Audit services – KPMG		
- Audit and review of financial statements	114,725	105,350
Audit services – non-KPMG		
- Audit and review of financial statements	33,000	-

Note 25. Parent entity information

The parent entity financial information is presented as follows:

Statement of financial position

	2024	**2023**
	$'000	**$'000**
Total current assets	2,175	2,374
Total assets	21,423	24,335
Total current liabilities	9,627	14,301
Total liabilities	19,442	18,255
Equity		
Share capital	16,240	16,240
Accumulated losses	(14,259)	(10,160)
Total equity	1,981	6,080

Statement of profit or loss and other comprehensive income

Loss after income tax	(4,099)	(3,256)
Total comprehensive income	(4,099)	(3,256)

Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees, in the current or previous financial year, in relation to any debts of its controlled entities.

Contingent liabilities and capital commitments for property, plant and equipment

The parent entity had no contingent liabilities or capital commitments for property, plant and equipment as at 30 June 2024 (2023: $Nil).

Note 26. Group entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 2A(b):

Entity name[1]	**Percentage of shares held 2024**	**2023**
Alpha Fund Managers Pty Ltd	100%	100%
Alpha Investment Management Pty Ltd	100%	100%
Announcer Group Pty Limited	100%	100%
Announcer Financial Planning Pty Ltd	100%	100%
Capalaba Financial Planning Pty Ltd[2]	-	50%
Commission Refunders Pty Ltd	100%	100%
Earnie Pty Ltd	100%	100%
Infocus Financial Planning Pty Ltd	100%	100%
Infocus Lending Advisory Pty Ltd	100%	100%
Infocus Securities Australia Pty Ltd	100%	100%
Infocus Tax & Business Advisory Pty Ltd	100%	100%
Madison Financial Group Pty Limited	100%	-
Mortgage Prevue Oxygen Pty Ltd	100%	100%
Patron Financial Trust	100%	100%
Platformplus Pty Ltd	100%	100%
Portfoliofocus Pty Ltd	100%	100%
Portfolio Administration & Reporting Pty Ltd	100%	100%
Sunshine Coast Financial Planning Pty Ltd	100%	100%
WealthPortal Pty Limited	100%	-

1 All entities in this table are incorporated in Australia.

2. The 50% interest in this entity was sold during the year, refer Note 2B.

Entity with material non-controlling interests

The Group has an agreement with Artex Risk Solutions (Guernsey) Ltd, a wholly owned subsidiary of Arthur J. Gallagher & Co (AJG) (listed on NYSE) with respect to a Protected Cell Company ("Cell AIC"). The Cell has been formed to act as a captive insurer for the benefit of Infocus as the Cell owner. The Cell is established in Guernsey to benefit from the captive insurance expertise and infrastructure (including its mature regulatory framework, banking and investment facilities) and the Protected Cell Company legislation which is not available to the Group in Australia.

The Group does not hold a controlling interest over Artex Risk Solutions (Guernsey) Ltd, but it does have effective control over the operations of Cell AIC and accordingly the consolidated financial statements incorporate the assets, liabilities, and results of this entity.

Note 27. Reconciliation of (loss) after income tax to net cash from operating activities

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Net (loss) after income tax	(2,575)	(2,313)
Adjustments for:		
Amortisation, depreciation and impairment	1,454	2,290
Bad and doubtful debts expense	14	15
Finance costs from lease liabilities included in cashflows from financing activities	24	62
(Gain) on sale of client portfolios	(888)	-
(Gain) on investments	(4)	-
Loss related to the net present value of mortgage trail commissions	121	227
Share of associates net profit	(120)	-
Dividends received from associates	112	-
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	901	(582)
(Decrease)/increase in trade and other payables	(708)	966
Decrease in term deposits	363	-
Increase in provisions	78	2
Decrease/(increase) in deferred tax assets	29	(82)
(Decrease) in deferred tax liabilities	(75)	(167)
Increase/(decrease) in current tax assets and tax liabilities	16	(17)
Net cash (used in)/provided by operating activities	(1,370)	401

Movements in borrowings:		
Borrowings and lease liabilities opening balance (note 14 and 15)	14,488	14,134
Proceeds from borrowings	6,017	6,920
Repayment of borrowings	(3,553)	(5,542)
Repayment of lease liabilities (note 15)	(556)	(927)
Interest and other finance costs paid from lease liabilities	24	62
Issue of convertible notes relating to acquisition (note 20)	2,104	-
Cash flows from bank overdraft	(426)	(159)
Borrowings and lease liabilities closing balance (note 14 and 15)	18,098	14,488

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Infocus Wealth Management Limited

30 June 2024

Consolidated entity disclosure statement regarding tax residency

Entity name	Entity type	Place formed/Country of incorporation	Ownership interest %	Tax residency
Infocus Wealth Management Ltd (parent entity)	Body corporate	Australia	n/a	Australian
Alpha Fund Managers Pty Ltd	Body corporate	Australia	100%	Australian
Alpha Investment Management Pty Ltd[1]	Body corporate	Australia	100%	Australian
Announcer Group Pty Limited	Body corporate	Australia	100%	Australian
Announcer Financial Planning Pty Ltd	Body corporate	Australia	100%	Australian
Commission Refunders Pty Ltd	Body corporate	Australia	100%	Australian
Earnie Pty Ltd	Body corporate	Australia	100%	Australian
Infocus Financial Planning Pty Ltd	Body corporate	Australia	100%	Australian
Infocus Lending Advisory Pty Ltd	Body corporate	Australia	100%	Australian
Infocus Securities Australia Pty Ltd	Body corporate	Australia	100%	Australian
Infocus Tax & Business Advisory Pty Ltd	Body corporate	Australia	100%	Australian
Madison Financial Group Pty Limited	Body corporate	Australia	100%	Australian
Mortgage Prevue Oxygen Pty Ltd	Body corporate	Australia	100%	Australian
Patron Financial Trust	Trust	Australia	100%	Australian
Platformplus Pty Ltd	Body corporate	Australia	100%	Australian
Portfoliofocus Pty Ltd	Body corporate	Australia	100%	Australian
Portfolio Administration & Reporting Pty Ltd	Body corporate	Australia	100%	Australian
Sunshine Coast Financial Planning Pty Ltd	Body corporate	Australia	100%	Australian
WealthPortal Pty Limited	Body corporate	Australia	100%	Australian
Artex Insurance (Guernsey) PCC Limited[2]	Protected cell	Guernsey	n/a	Guernsey

1. This entity is trustee of Patron Financial Trust
2. The Group acts as an agent for the protected cell company and lodges tax returns in Australia.

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements.*

Determination of tax residency

Section 295 (3A) (vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

• Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5 and PCG 2018/9.

• Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

In the opinion of the Directors of Infocus Wealth Management Limited:

(a) the consolidated financial statements and accompanying notes of Infocus Wealth Management Limited are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (ii) the consolidated entity disclosure statement is true and correct; and
- (iii) giving a true and fair view of its financial position as at 30 June 2024 and of its performance for the financial year ended on that date.

(b) there are reasonable grounds to believe that Infocus Wealth Management Limited will be able to pay its debts as and when they become due and payable; and

(c) Note 2A(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors:

Roy McKelvie
Chairman

30 September 2024
Maroochydore

Independent Auditor's Report

To the shareholders of Infocus Wealth Management Limited.

Opinion

We have audited the ***Financial Report*** of Infocus Wealth Management Limited (the Company) and it's controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group's*** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 2A(ac) in the Financial Report. The conditions disclosed in Note 2A(ac), indicate material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in Infocus Wealth Management Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

B E Lovell
Partner

Brisbane
30 September 2024

infocus